

*PRIVATE AND CONFIDENTIAL (FOR ADDRESSEE ONLY)*

DOCUMENT CONTAINING DISCLOSURES AS PER SCHEDULE I OF SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED FROM TIME TO TIME, AS APPLICABLE TO PRIVATE PLACEMENT OF DEBENTURES AND FORM NO. PAS-4 PURSUANT TO SECTION 42 OF THE COMPANIES ACT, 2013 AND RULE 14(1) OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014

# Volkswagen Finance Private Limited

(A Private Limited Company incorporated under the Companies Act, 1956)

Date of incorporation: January 16, 2009

Registered Office/Corporate Office: 3<sup>rd</sup> Floor, Wing A, Silver Utopia, Cardinal Gracious Road, Chakala, Andheri East, Mumbai - 400 099

Website: [www.volkswagen-finance-india.co.in](http://www.volkswagen-finance-india.co.in)

Phone: (022) 3952 1000; Fax: (022) 3952 1001

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Grievance Redressal Id: [ncdprivateplacement.india@vwfs.com](mailto:ncdprivateplacement.india@vwfs.com)

**ISSUE BY VOLKSWAGEN FINANCE PRIVATE LIMITED (“Company” or “Issuer”) OF 2,500 SECURED, REDEEMABLE, NON CONVERTIBLE DEBENTURES the “NCDs”) OF THE FACE VALUE OF RS. 10,00,000 EACH, AGGREGATING RS. 250 CRORE ON A PRIVATE PLACEMENT BASIS ( “Issue”) TO BE LISTED ON BSE LIMITED**

## CREDIT RATINGS(S)

**The Secured, Redeemable, Non-Convertible Debentures has been rated “IND AAA” by India Ratings and Research Private Limited for further borrowings up to Rs. 550 Crore**

The credit rating(s) of the Debentures of this Issue is not a recommendation to buy, sell or hold the Debentures issued by the Issuer and Prospective Investors should make their own investment decisions. The credit rating(s) may be subject to revision or withdrawal at any time by the credit rating agency on the basis of new information. Each credit rating should be evaluated independently of any other rating. Please refer to the rating letter and the rating rationale / press release issued by India Ratings and Research Private Limited included in the list of material contracts at the end of this Disclosure Document

## RISKS IN RELATION TO TRADING OF SECURITIES

No assurance can be given regarding an active or sustained trading in the securities of the Company / Issuer or regarding the price at which the securities will be traded after listing.

## **GENERAL RISKS**

This Disclosure Document is neither a Prospectus nor a Statement in lieu of Prospectus. It does not constitute an offer or an invitation to the public to subscribe to the Debentures to be issued by Volkswagen Finance Private Limited. This Disclosure Document is intended to form the basis of evaluation for potential investors to whom it is addressed and who are willing and eligible to subscribe to these Debentures. The contents of this Disclosure Document are intended to be used by the investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient. The Company can, at its sole and absolute discretion change the terms of the offer. Apart from this Disclosure Document, no other offer document has been prepared in connection with the offering of this Issue or in relation to the Issuer, nor is this Disclosure Document required to be registered under the applicable laws. Accordingly, this Disclosure Document has neither been delivered for registration nor is intended to be registered.

Investors are advised to read the risk factors carefully before taking an investment decision in this private offering. Investment in the Debentures involves risk and Prospective Investors should not invest in this Issue unless they can afford to take the risk of losing their investment if the Debentures are not held till the Final Redemption Date (as defined below) or for any reason have to be sold or redeemed before the Final Redemption Date. Prospective Investors should read this Disclosure Document carefully before making an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer including the risks involved. Securities and Exchange Board of India (“SEBI”), as a policy does not recommend or approve any issue nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. Accordingly, this Disclosure Document has not been submitted, cleared or approved by SEBI. Specific attention of the investors is drawn to the Statement of Risk Factors under the section headed “**Risk Factors**” of this Disclosure Document.

## **ISSUER’S ABSOLUTE RESPONSIBILITY**

The Issuer having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the disclosures contained in this Disclosure Document are true and correct in all material aspects and are not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## **DEBENTURE TRUSTEE**

### **Vistra ITCL (India) Limited**

(formerly known as IL&FS Trust Company Limited)  
The IL&FS Financial Centre, Plot C-22, G-Block, 7th Floor  
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
Tel: 022-2659 3150  
Fax: 022- 2653 3297  
Website : <https://www.vistraitcl.com/>  
Contact : Mr. Jatin Chonani  
SEBI [Reg.No.](#) IND000000578

## **REGISTRAR AND TRANSFER AGENT**



### **Bigshare Services Private Limited**

E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai - 400 072  
Tel: +91-22-404 30 200  
Fax: +91-22-2847 5207  
SEBI REG.No. INR000001385  
Contact : Mr. Babu Rapheal

## **STATUTORY AUDITORS**

### **Price Waterhouse**

252, Veer Savarkar Marg,  
Shivaji Park, Dadar (West)  
Mumbai 400028  
Tel: 022-66691000  
Fax: 022-66547800  
Contact : Mr. Sharad Vasant  
[sharad.vasant@in.pwc.com](mailto:sharad.vasant@in.pwc.com)

## **ARRANGER TO THE ISSUE**

### **HDFC Bank**

Peninsula Business Park, 4th Floor, Tower B,  
Senapati Bapat Marg, Lower Parel – (W),  
Mumbai – 400 013  
Tel No. 022-33958150  
Fax No. 022-30788584  
Email: [niranjan.kawatkar@hdfcbank.com](mailto:niranjan.kawatkar@hdfcbank.com)  
Contact Person: Mr. Niranjan Kawatkar

**CREDIT RATING AGENCY**

**India Ratings and Research Private Limited**

Wockhardt Tower, 4th Floor

Bandra Kurla Complex, Bandra (East)

Mumbai 400051

Tel: 022-4000 1700

Fax: 022-4000 1701

Contact : Mr. Shrikant Dev, Compliance Officer

shrikant.dev@indiaratings.co.in

SEBI Registration Number: IN/CRA/002/1999

Investor Grievance E-mail Id: investor.services@indiaratings.co.in

Website: [www.indiaratings.co.in](http://www.indiaratings.co.in)

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## (I) DEFINITIONS / ABBREVIATIONS

|                                |  |
|--------------------------------|--|
| VWFPL / Company / Issuer       | Volkswagen Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and registered with the Reserve Bank of India u/s 45-IA of the Reserve Bank of India Act, 1934 and classified as a 'Systemically Important Non-Deposit Accepting Non-Banking Financial Company' |
| Arrangers                      | Any arranger associated with the issuance  |
| Articles                       | Articles of Association of the Company   |
| Asset Cover Ratio              | the ratio of the value of the assets underlying the Security to the Outstanding Balance(s) at a given point of time  |
| Board / Board of Directors     | The Board of Directors of the Issuer and any Committee thereof   |
| BSE                            | BSE Limited  |
| Business Day(s)                | Any day of the week excluding Saturdays, Sundays, any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Mumbai and any other day on which banks are closed for customer business in Mumbai and " <b>Business Days</b> " shall be construed accordingly   |
| CRAR                           | Capital to Risk Weighted Assets Ratio  |
| CDSL                           | Central Depository Services (India) Limited  |
| Debentures                     | Secured, Redeemable, Non-Convertible Debentures of the face value of Rs.10,00,000/- each   |
| Debenture Trust Deed           | Debenture Trust Deed dated January 8, 2016, Supplementary Agreement to the Debenture Trust Deed dated July 21, 2016 and Supplementary Agreement to the Debenture Trust Deed dated April 6, 2017 entered between the Company and the Debenture Trustee inter alia for creation of the first pari passu mortgage over the Immovable Property.  |
| Deed of Hypothecation          | Deed of Hypothecation dated January 22, 2016 entered into between the Company and the Debenture Trustee for creation of first pari passu charge by hypothecation over Movable Property.  |
| Debenture Holder(s)            | The holders of the Debentures and shall include the transferees of the Debentures from time to time  |
| Depository(ies)                | National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL)  |
| Disclosure Document / Document | This Disclosure Document through which the Debentures are being offered for private placement  |
| DP                             | Depository Participant   |
| Final Redemption Date          | The date as mentioned in the Term Sheet and/or respective Pricing Supplement   |
| FY                             | Financial Year   |
| Immovable Property             | The Company's immovable property situated at Flat No. 3, Building No.B-20 , on the 3rd Floor, of the " Shree Ganesh Krupa Co Operative   |

|                        |   |
|------------------------|---|
|                        | Housing Society Ltd, area admeasuring 24.116 sq. mtrs, situated on condominium No.14, Sector 10, Village- Airoli, Navi Mumbai, Tehsil- Thane and District Thane in the registration Sub District – Thane and District Thane and bounded on or towards the North by 20 mtrs. wide road; on or towards the South by 11 Mtrs. wide road; on or towards the East by Condominium No.5 and on or towards the West by Condominium No.4.  |
| I.T. Act               | The Income Tax Act, 1961 (as amended from time to time)   |
| Issue                  | Private placement of Secured, Redeemable, Non-Convertible Debentures of the face value of Rs.10,00,000/- each for cash, aggregating Rs. 250 crore. The Debentures will be issued for various tenors greater than 12 months  |
| Minimum Security Cover | Asset Cover Ratio of atleast one to be maintained throughout the tenure of the Debentures.  |
| Movable Property/(ies) | Means present and future Receivables over which a charge by way of hypothecation is to be created by the Company in favour of the Debenture Trustee under this Deed, upto the extent required to maintain the Asset Cover Ratio at or above the Minimum Security Cover.<br>Provided however, the Movable Properties shall exclude:<br>(i) any strategic investments of the Company in the nature of equity shares, preference shares and venture capital units or any receivables therefrom.  |
| MCA                    | Ministry of Corporate Affairs, Government of India  |
| NAV                    | Net Asset Value   |
| NBFC                   | Non-Banking Financial Company   |
| NPA                    | Non-Performing Assets   |
| NSDL                   | National Securities Depository Limited  |
| Pricing Supplement     | Supplement to be issued by the Company containing the issue price, coupon rate and other conditions regarding Debentures  |
| Promoter               | Volkswagen Financial Services AG and Volkswagen Finance Overseas B.V.   |
| Credit Rating Agency   | India Ratings and Research Private Limited  |
| RBI                    | Reserve Bank of India   |
| Rs./ INR/ Rupees       | The lawful currency of the Republic of India.   |
| Receivables            | shall mean all monies and amounts owing to or received by or receivable by the Company in relation to the retail borrowers of car loan and loans given to the car dealers, both present and future (whether under any loan receivables documents executed by the Company or lease and/or hire purchase agreements, insurance proceeds or otherwise whether such monies receivable are retained in any of the accounts of the Company or otherwise) along with the benefit of underlying securities and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts and underlying securities, both present and future; provided however this shall not include:<br><br>(i) any specific receivables (including deposits), in respect of which a specific and exclusive lien or charge (in any form and manner) has been marked to secure any facilities availed by the |

|                      |  |
|----------------------|--|
|                      | <p>Company from any Persons and/or investments made pursuant to any regulatory requirements, whether such lien or charge exists or investment has been made as on the date of the Deed of Hypothecation or which may be created / made in future in accordance with the terms of the Deed of Hypothecation; and</p> <p>(ii) any receivables which are or may become the subject matter of a securitization or assignment transaction and such other receivables which have been dealt with or disposed off in the ordinary course of business of the Company, if expressly permitted under the Deed of Hypothecation</p> |
| ROC                  | Registrar of Companies   |
| RTGS                 | Real Time Gross Settlement System  |
| SEBI                 | Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)   |
| SEBI Regulations     | SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time)   |
| The Act              | The Companies Act, 2013 and rules made thereunder or such other corresponding provisions of the Companies Act, 1956 to the extent effective (including any statutory modification(s) or re-enactment thereof for the time being in force)  |
| Debenture Trustee    | The trustee for the Debenture Holder(s), in this case being Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited)  |
| WDM                  | Wholesale Debt Market  |
| “We”, “us” and “our” | Unless the context otherwise requires, the Company and its subsidiaries  |



## (II) GENERAL DISCLAIMER

This Disclosure Document is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public to subscribe for or otherwise acquire the Secured, Redeemable, Non-Convertible, Debentures of face value of Rs. 10,00,000/- each issued by the Company.

The issue of Debentures in one or more Tranches and to be listed on the BSE is being made strictly on a private placement basis. This Document is not intended to be circulated to more than 49 (Forty Nine) persons for each Tranche being offered. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. No invitation is being made to any persons, other than to those to whom application forms along with this Document and the Pricing Supplement for a Tranche being issued have been sent. Any application by a person to whom the Document, the Tranche Pricing Supplement and Application Form have not been sent by the Company or Arranger, if any, shall be rejected without assigning any reason. The person who is in receipt of this Document shall maintain utmost confidentiality regarding the contents of this Document and shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents without the consent of the Issuer.

Apart from this Document, no Offer Document or Prospectus has been prepared in connection with this Issue and no Prospectus in relation to the Issuer or the Debentures relating to this offer has been delivered for registration nor is such a document required to be registered under the applicable laws.

This Document is issued by the Company. The views contained in this Document do not necessarily reflect the views of its Directors, officers, employees, affiliates, subsidiaries or representatives and should not be taken as such. This Document has been prepared by the Company to provide general information on the Company and does not purport to contain all the information a potential investor may require. Where this Document summarizes the provisions of any other document, that summary should not be solely relied upon and the relevant document should be referred to for the full effect of the provisions.

The information relating to the Company contained in this Document is believed by the Company to be accurate in all respects as of the date hereof.

This Document shall not be considered as a recommendation to purchase the Debentures and recipients are urged to determine, investigate and evaluate for themselves, the authenticity, origin, validity, accuracy, completeness, adequacy or otherwise the relevance of information contained in this Document. The recipients are required to make their own independent valuation and judgment of the Company and the Debentures. It is the responsibility of potential investors to ensure that if they sell/ transfer these Debentures, they shall do so in strict accordance with this Document and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of Companies Act 2013 and Companies Act 1956 which are in effect from time to time. The potential investors should also consult their own tax advisors on the tax implications relating to acquisition, ownership, sale or redemption of Debentures and in respect of income arising thereon. Investors are also required to make their own assessment regarding their eligibility for making investment(s) in the Debentures of the Company. The Company or any of its directors, employees, advisors, affiliates, subsidiaries or representatives do not accept any responsibility and/ or liability for any loss or damage however arising and of whatever nature and extent in connection with the said information.

Neither the Arranger, if any, nor any of their respective affiliates or subsidiaries have independently verified the information set out in this Document or any other information (written or oral) transmitted or made to any prospective investor in the course of its evaluation of the Issue.

The Arranger, if any, makes no representation or warranty, express or implied, as to the accuracy or completeness of the Document, and the Arranger, if any, does not accept any responsibility for the legality, validity, effectiveness, adequacy or enforceability of any documentation executed or which may be executed in relation to this Offer. The Arranger, if any, is not required to file this document with SEBI/ROC/RBI as it is strictly on private placement basis to the prospective Investor to whom it is distributed and not an offer to the general public.

The contents of this Document are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

Each person receiving and acting on this Document acknowledges that such person:

- has been afforded an opportunity to request and to review and has received all additional information considered by him/her/it to be necessary to verify the accuracy of or to supplement the information herein and
- has not relied on any intermediary that may be associated with any tranche or issuance of Debentures in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer does not undertake to update the Document to reflect subsequent events after the date of the Document and thus it should not be relied upon with respect to such subsequent events without first confirming their accuracy with the Issuer. Neither the delivery of this Document nor any sale of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

However, the Issuer shall file a Pricing Supplement and an Addendum, if necessary, and update this Document to the extent necessary, which besides being filed with the BSE, shall be issued to the then potential investor of the Debentures.

The Document is made available to investors in the Issue on the strict understanding that it is confidential.

### **Force Majeure**

The Company reserves the right to withdraw the Issue prior to the earliest closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise. In such an event, the Company will refund the application money, if any, along with interest payable on such application money, if any, without assigning any reason.

### **SEBI Disclaimer Clause**

As per the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, a copy of this Document is not required to be filed with or submitted to SEBI. It is to be distinctly understood that this Document has not been cleared or vetted by SEBI. The SEBI does not take any responsibility either for financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in the Document.

### **Stock Exchange Disclaimer Clause**

As required, a copy of this Disclosure Document for issue of Debentures on private placement basis shall be filed with the BSE in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.

It is to be distinctly understood that submission of the Disclosure Document to the BSE should not in any way be deemed or construed to mean that the Disclosure Document has been cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document, nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the BSE; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

This Document is to facilitate investors to take an informed decision for making investment in the proposed Issue.

### **Eligibility of the Issuer to Come Out with the Issue**

As on the date of this Private Placement Disclosure Document, the Issuer and its Directors have not been prohibited from accessing the Capital Market under any order or Directions passed by SEBI.

### **Declaration of the Reserve Bank of India about Non-Responsibility for financial soundness or correctness of statements**

The issuing of licence and granting of approval by the Reserve Bank of India (“**RBI**”) to the Issuer in any regard, should not in any way, be deemed or construed to be an approval by RBI of this Private Placement Disclosure Document nor should it be deemed that RBI has approved it nor does RBI take any responsibility for the financial soundness of the Issuer or the correctness of the statements made, or opinions expressed in this connection.

### **Disclaimer in Respect of Jurisdiction**

Issue of these Debentures will be made in India to investors, as specified under the heading “Who can apply” under the Section: Offering Information of this Private Placement Disclosure Document, who are specifically approached by the Issuer. This Private Placement Disclosure Document is not construed or constituted as an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. The Debentures are governed by and shall be construed in accordance with the existing Indian Laws. Any dispute arising in respect thereof will be subject to the exclusive jurisdiction of the courts and tribunals of Mumbai.

### **Forward-Looking Statements**

While no forecasts or projections relating to the Issuer's financial performance are included in this Private Placement Disclosure Document, this document contains certain "forward-looking statements" like "intends", "believes", "expects" and other similar expressions or variations of such expressions. These statements are primarily meant to give Prospective Investors an overview of the Issuer's future plans, as they currently stand. The Issuer operates in a highly competitive, regulated and ever-changing business environment, and a change in any of these variables may necessitate an alteration of the Issuer's plans. Further, these plans are not static, but are subject to continuous internal review, and may be altered if the altered plans suit the Issuer's needs better. Further, many of the plans may be based on one or more underlying assumptions (all of which may not be contained in this Private Placement Disclosure Document) which may not come to fruition. Thus, actual results may differ materially from those suggested by the forward-looking statements. The Issuer cannot be held liable by estoppels or otherwise for any forward-looking statement contained herein. All statements contained in this Private Placement Disclosure Document that are not statements of historical fact constitute "forward looking statements" and are not forecasts or projections relating to the Issuer's financial performance.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, amongst others:

- General economic and business conditions in India and abroad;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Our ability to compete effectively and access funds at competitive cost;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates, equity prices or other rates or prices; the performance of the financial and capital markets in India and globally;
- Availability of funds and willingness of our lenders to lend;
- Changes in political conditions in India;
- The rate of growth of our loan assets and level of NPAs in our portfolio;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Our ability to retain our management team and skilled personnel;
- Changes in Indian and foreign laws and regulations, including tax, accounting, banking, securities, investments and loans, foreign exchange, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations; and
- Changes in laws and regulations that apply to NBFCs in India, including laws that impact our lending rates and our ability to enforce our collateral.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The forward-looking statements made in this Private Placement Disclosure Document speak only as of the date of this Private Placement Disclosure Document. Neither the Issuer nor its Directors nor any of the Issuer's affiliates have any obligation, or intention, to update or otherwise revise any forward-looking statement to reflect circumstances arising after the date hereof or to reflect the events occurring after the date hereof, even if the underlying assumptions do not come to fruition and the Issuer does not assume any responsibility to do so.

### **(III) RISK FACTORS**

#### **(A) USE OF MARKET DATA**

Unless stated otherwise, macroeconomic and industry data if used throughout this Document have been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data if used in this Disclosure Document are reliable, it has not been independently verified.

#### **(B) RISK FACTORS**

The following are some of the risks envisaged by the management. Investors should consider the same carefully for evaluating the Company and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to the Company only. If any one of the risks occur, the Company's business, financial conditions and results of operations could suffer and therefore the value of the Company's debt securities could decline.

Note: Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below:

#### **A. INTERNAL RISK FACTORS**

##### **1. As an NBFC, one of the most important risks affecting our profitability is the risk of non-payment by the borrowers and other counterparties.**

The size of our Company's loan assets is expected to continue to increase in the future as our Company expands its business in India and offers new products. Since most of our Company's borrowers are retail customers and dealers of Volkswagen Group Brands, our Company's credit risk could be higher due to their potential inability to adapt to changes in the economic and industrial scenario and global technological changes as also changes in the Indian regulatory and political environment. This may lead to an increase in the number and value of our Company's NPAs.

Our Company is exposed to the risk that third parties which owe us money, securities or other assets may not perform their obligations. These parties may default on their obligations to us due to various reasons including bankruptcy, lack of liquidity, operational failure, and other reasons. Further, any delay in enforcing the collateral due to delays in enforcement proceedings before Indian courts or otherwise could expose our Company to potential losses.

A nationwide credit bureau has been established in India. This may affect the quality of information available to our Company about the credit history of our Company's new borrowers. In deciding whether to extend credit to or enter into transactions with customers and counter parties, our Company relies largely on information furnished by or on behalf of its customers, including financial information, based on which the Company performs its credit assessment. The Company may also depend on certain representations and undertakings as to the accuracy, correctness and completeness of information, and the verification of the same by agencies to which such functions are outsourced.

Any such information, if materially misleading may increase the risk of default. Our financial condition and results of operations could be negatively affected by relying on information that may not be true or may be materially misleading.

Although our Company regularly reviews credit exposures to clients and counterparties and to industries and geographical regions that our Company believes may present credit concerns, defaults may arise from events or circumstances that are difficult to detect or foresee.

**2. The difficulty to control the number and value of NPAs in our portfolio could adversely affect our business and results of operations.**

As on March 31, 2017, our gross non-performing assets were Rs. 16,498.55 lakh representing 2.71% of the gross value of our customer assets. It may be difficult for us to control or reduce the number and value of NPAs of our portfolio due to adverse global and domestic economic conditions and a prolonged recession period. The Company may not be able to improve its collections and recoveries in relation to its existing NPAs. The difficulty to control or reduce the number and value of its NPAs may lead to deterioration of the quality of its loan portfolio and may severely impact its business.

The Company has made provisions of Rs. 8,872.63 lakh towards its gross NPAs as on March 31, 2017. Though the Company's total provisioning against the NPAs at present may be adequate to cover all the identified losses in our loan portfolio, there may not be any assurance that in future, the provisioning though compliant with regulatory requirements will be sufficient to cover all anticipated losses. Further, the Company may not be able to meet our recovery targets set for the particular financial year due to the economic slowdown and intense competition witnessed in the domestic markets. In such circumstances, there could be an increase in the number and value of our NPAs which can impact the Company.

As our business grows, the number and value of NPAs may increase substantially as a large part of the portfolio is not highly seasoned, which may result in increased provisioning towards our NPAs.

**3. The Company may be exposed to the potential loss of less recovery of value of collaterals due to delays in their enforcement on defaults by the Company's borrowers and also due to market conditions**

The value of collaterals especially vehicles and / or real estate may decline due to adverse market conditions. Delays in bankruptcy and foreclosure proceedings, defects in title, documentation of collateral and the necessity of obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral and the Company may not be able to recover the estimated value of the collateral, thus exposing the Company to potential losses.

**4. We have launched products in the past and we may launch new products in future and there can be no assurance that these will be profitable in future.**

As a part of our growth strategy, we have or otherwise are in the process of launching new products. Although we have recruited experienced management teams which consist of people who have experience in financial services, there are inherent risks in launching new products. The systems / processes are yet to be tested for the new products or they may need improvements or, that the turnover of employees increases or that the products themselves may not find sufficient acceptability in the market.

Further, we do not have any measurable track record in the operations of these new products. The new products consequently are to a larger extent susceptible to competition, economic, political and regulatory conditions. This may affect our operations and cash flow positions.

**5. System failures, infrastructure bottlenecks and security breaches in computer systems may adversely affect our business.**

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of increasingly complex transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security.

**6. The Company's lending and investment activities are vulnerable to interest rate risks, market risks and asset liability mismatch risks which may have great impact on our financial performance.**

Interest income forms a substantial part of the total income of our Company. The Company extends loans at fixed as well as floating interest rates. The Company's borrowings are also a mix of fixed and floating rates. A mismatch between assets and liabilities may cause our gross spreads to decline and adversely affect our profitability. The Company endeavors to manage interest rate positions to minimize interest rate risk but may not be able to do so.

Operations of the Company are susceptible to interest rate movements. Interest rates are highly sensitive to many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We may be also exposed to interest and currency risks through treasury operations. Sharp increase in interest rates charged on floating rate basis, may also result in higher degree of defaults from this segment.

**7. We may face asset-liability mismatches in the short term, which could affect our liquidity position. A portion of our funding requirement is through short-term funding sources and in the event lenders decide to withdraw the existing or committed credit facilities or do not roll over the existing credit facilities, our business could be adversely affected.**

The difference between the value of assets and liabilities maturing, in any time period category provides the measure to which we are exposed to the liquidity risk. As is typical for several NBFCs, a portion of our funding requirements is met through short-term funding sources, i.e. bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, some portion of our assets has medium or long-term maturities. In the event that the existing credit facilities (mostly being uncommitted credit facilities) are withdrawn or are not available to the Company,

funding mismatches may be created and it could have an adverse effect on our business and our future financial performance.

**8. Our indebtedness and restrictive covenants imposed by our financing agreements could restrict our ability to conduct our business and operations.**

Should we breach any financial or other covenants contained in any of our financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Under the terms of some of the loan agreements, our Company is required to obtain the prior written consent of the concerned lender prior to our Company entering into any scheme of expansion, merger, amalgamation, compromise or reconstruction or selling, leasing, transferring all or a substantial portion of its fixed and other assets; making any change in ownership or control or constitution of our Company, or in the shareholding or management or majority of directors, or in the nature of business of our Company. This may restrict/ delay some of the actions / initiatives that our Company may like to take from time to time.

**9. We are exposed to various operational risks including the risk of fraud and other misconduct by employees or outsiders.**

Like other financial intermediaries, we also run the risk of various operational risks which include the risk of fraud or misconduct by our employees or even an outsider, unauthorized transactions by employees or third parties, misreporting and non-compliance of various statutory and legal requirements and operational errors. It may not be always possible to deter employees from the misconduct or the precautions we take to detect and prevent these activities may not be effective in all cases. Any such instances of employee misconduct or fraud, the improper use or disclosure of confidential information, could result in regulatory and legal proceedings and may harm our reputation and also our operations.

**10. We may not be able to attract or retain talented professionals required for our business.**

The complexity of our business operations requires highly skilled and experienced manpower. Such highly skilled personnel give us a competitive edge. Further the successful implementation of our growth plans would largely depend on the availability of such skilled manpower and our ability to attract such qualified manpower. We may lose many business opportunities and our business would suffer if such required manpower is not available on time. Though we have appropriate human resource policies in place, we may face the risk of losing our key management personnel due to reasons beyond our control and we may not be able to replace them in a satisfactory and timely manner which may adversely affect our business and our future financial performance.

**11. We have commitments and contingent liabilities of Rs. 5,315.82 lakh as at March 31, 2017**

As at March 31, 2017, the contingent liabilities of the Company are as under:

- i. Contingent Liabilities:  
Claims against the Company not acknowledged as debts by the Company - Rs 84.07 lakh.  
Assessment pending in Service Tax matter - Rs. 5,033.57 lakh  
Income Tax matter in respect of which assessment is pending – Rs. 44.60 lakh
- ii. Capital Commitments: Estimated value of contracts in capital account remaining to be executed is Rs. 153.58 lakh.



**12. We may not be able to access funds at competitive rates and higher cost of borrowings could have significant impact on the scale of our operations and also profit margins.**

Our growing business needs would require us to raise funds through commercial borrowings. Our ability to raise funds at competitive rates would depend on our credit rating, regulatory environment in the country, adverse news flow specifically affecting Volkswagen Group and the liquidity scenario in the economy. The developments in the international markets affect the Indian economy including the financial liquidity position. Our Company is exposed to the risk of liquidity in the financial markets. Changes in economic and financial conditions could make it difficult for the Company to access funds at competitive rates. Being an NBFC, we also face certain restrictions to raise money from international markets which are relatively cheaper sources of money and this further constrains our ability to raise cheaper funds.

**13. The Company faces increasing competition from other established banks and NBFCs. The successful implementation of our growth plans depends on our ability to face the competition.**

The Company's main competitors are established commercial banks and NBFCs. Over the past few years, the retail financing area has seen the entry of banks, both nationalized as well as foreign. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive.

**14. There is no certainty that there would be adequate liquidity of the Debentures being offered through this Issue.**

There can be no assurance that an active secondary market for the NCDs will develop, and if such a market were to develop, there is no obligation on us to maintain such a market. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs.

**15. We may have a high concentration of loans to certain customers or group of customers. If a substantial portion of these loans becomes non-performing, our business and financial performance could be affected.**

Our business of financing retail customers and dealers with or without securities exposes us to the risk of third parties that owe us money. Our loan portfolio and non-performing asset portfolio has, or may in the future, have a high concentration in certain customers or groups of customers. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, breach of contract, government or other regulatory intervention and other reasons including inability to adapt to changes in the macro business environment. Historically, borrowers or borrower groups have been adversely affected by economic conditions in varying degrees. Credit losses due to financial difficulties of these borrowers/ borrower groups in the future could adversely affect our business and our financial performance.

**16. We have entered into transactions with related parties which create conflicts of interest for certain of our management and directors.**

We have entered into transactions with related parties, including our Promoter and its affiliated companies. Such agreements may give rise to current or potential conflicts of interest with respect to

dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

## **Risks Relating to the Utilization of Issue Proceeds**

### **17. Our management will have significant flexibility in applying proceeds of the Issue.**

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various activities, including but not restricted to lending, to repay our existing loans, our business operations including capital expenditure and working capital requirements.

The Main Objects clause of the Memorandum of Association of the Company permits the Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which the Company has been carrying on till date.

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Company intends to temporarily invest funds in deposits with banks.

Further as per the provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

## **Risks Relating to the Debentures**

### **18. Changes in general interest rates in the economy may affect the price of our Debentures.**

All securities where a fixed rate of interest is offered, such as our Debentures, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our Debentures.

### **19. We are not required to maintain any Debenture Redemption Reserve (DRR) for the Debentures issued under this Disclosure Document.**

As per Rule 18 Sub Rule (7) (b) (ii) of The Companies (Share Capital and Debentures) Rules, 2014, for NBFCs registered with RBI under Section 45-IA of the RBI (Amendment ) Act 1997, no Debenture Redemption Reserve is required in case of privately placed debentures.

### **20. Any downgrading in credit rating of our Debentures may affect the value of Debentures and thus our ability to raise further debts.**

India Ratings and Research Private Limited has assigned a 'IND AAA' rating to the NCD program of the Company for an aggregate amount of Rs. 2,600 crore and out of which NCDs of Rs. 2,050 crore are outstanding as on date of this Disclosure Document. The Issuer cannot guarantee that these ratings will not be downgraded. Such a downgrade in the above credit ratings may lower the value of the NCDs and may also affect the Issuer's ability to raise further debt.

## **B. EXTERNAL RISK FACTORS**

### **21. We are subject to regulatory and legal risk which may adversely affect our business.**

The operations of an NBFC are subject to regulations framed by the RBI and other authorities including regulations relating to foreign investment in India. Under the guidelines issued by the RBI on November 10, 2014 the Company is classified as a Systemically Important Non Deposit Accepting NBFC. The Company is required to maintain a CRAR of 15%, besides complying with other prudential norms. Compliance with many of the regulations applicable to the Company across jurisdictions including any restrictions on investments and other activities currently being carried out by the Company involve a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of the Company could be adversely affected.

We are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. For instance implementation of the GST tax code may likely impact businesses in general.

### **22. Our growth in loan portfolio is highly dependent on the performance and the growth prospects of Volkswagen Group Brands in India**

The Company primarily finances the retail customers for new vehicle purchase and dealers of Volkswagen Group Brands operating in India. The Company also finances retail customers of used cars of other Brands and dealers stocking used cars of other Brands in a limited way. Hence the growth prospects of the Company are highly dependent on the volume growth prospects of Volkswagen Group Brands in India. Any reduction in number of vehicles (both passenger and commercial vehicles) sold in India by Volkswagen Group Brands would also impact the loan growth of the Company and consequently the profitability.

### **23. Developments with regard Volkswagen Group in international markets**

The Issuer states that the information relating to the Emissions issue is released by Volkswagen Group from time to time in its Annual Reports which may also be supplemented by press releases on its website and is subject to change. The said documents are available on the official website of the Volkswagen AG. The Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.

For more detailed description on the Emissions Issue, please refer to section on risk factors as set out in the Base Prospectus of the European Debt Issuance Programme of Volkswagen Financial Services AG and any supplements or replacements thereto.

The current prospectus and the section on risk factors due to emissions issue can be found on page 58-60 in following link,

[http://www.vwfsag.com/en/home/investor\\_relations/Volkswagen\\_Financial\\_Services\\_AG/refinanzierung/daueremissionsprogramme/eur\\_18\\_mrd\\_debt\\_issuanceprogramme.html](http://www.vwfsag.com/en/home/investor_relations/Volkswagen_Financial_Services_AG/refinanzierung/daueremissionsprogramme/eur_18_mrd_debt_issuanceprogramme.html)

We cannot exclude that a reputational risk to the Volkswagen brands resulting out of any potential non-compliance with the relevant applicable environmental law may adversely affect the sales of Volkswagen Group branded cars/vehicles and/or growth of that business which may in turn impact the loan growth of the Company.

**24. Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have direct impact on our operations and profitability.**

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for vehicles. The GDP growth in the Indian economy for the fiscal year 2016-17 was 7.13% compared to higher growth rate registered in the preceding two years. Any adverse developments in the economy as a whole can increase the level of defaults thereby adversely impacting the Company's growth plans and the quality of its portfolio. For instance announcement by the Government in November 2016 to demonetize certain currency note may have an adverse impact on growth in the short term.

**25. Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business.**

The role of the Indian Central and State Governments in the economy has remained significant over the years. Since 1991, the Government has pursued a policy of economic liberalization, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. The future Governments could be a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Any political instability in the country could materially impact our business adversely.

**26. Civil unrest, terrorist attacks and war would affect our business.**

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as in major countries of the world, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced, or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the market for securities including the Debentures. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business and the price and yield of our NCDs.

**27. Our business may be adversely impacted by natural calamities or unfavourable climate changes.**

India, Bangladesh, Pakistan, Indonesia and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu/ swine flu. The extent and severity of these natural disasters and pandemics determines their impact on these economies and in turn affects

the financial services sector of which our Company is a part. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the economies in which we have operations, which could adversely affect our business and the price of our Debentures.

**28. Any downgrading of India's sovereign rating by an international rating agency(ies) may affect our business and our liquidity to a great extent.**

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favourable terms, or at all.

**NOTES TO THE RISK FACTORS**

Save, as stated elsewhere in this Disclosure Document, since the date of the last audited financial accounts:

- (a) no developments have taken place that are likely to materially and adversely affect the performance or prospects of the Company.
- (b) no developments have taken place in the last twelve months which materially and adversely affect or are likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities.

#### (IV) ISSUE DETAILS / SUMMARY TERM SHEET

PRIVATE PLACEMENT OF 2,500 SECURED, REDEEMABLE, NON-CONVERTIBLE, DEBENTURES OF THE FACE VALUE OF RS. 10,00,000 EACH, FOR CASH AGGREGATING RS. 250 CRORE TO BE LISTED ON BSE LIMITED

Volkswagen Finance Private Limited proposes to issue 2,500 Secured, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each, aggregating Rs. 250 crore on private placement basis. This private placement of Debentures is being made pursuant to the resolution passed by the Board of Directors at its Meeting held on July 20, 2017, which has approved the issue of Secured Redeemable Non-convertible Debentures up to Rs. 2,000 crore in one or more tranches on private placement basis.

The present issue of Rs. 250 crore is within the general borrowing limit of Rs. 7,500 crore approved by the shareholders vide Special Resolution passed in the Extra-Ordinary General Meeting held on December 20, 2013 under Section 180 of the Companies Act, 2013. The issue of Secured Redeemable Non-convertible Debentures upto Rs. 2,000 Crore is approved by the shareholders vide Special Resolution passed in the Annual General Meeting held on August 21, 2017 under the provisions of Section 42, Section 71 and all other applicable provisions of Companies Act, 2013, if any.

The common terms of the Issue are given below:-

|  |   |
|--|---|
| Security Name  | Will be provided by stock exchange  |
| Issuer   | Volkswagen Finance Private Limited  |
| Type of Instrument   | Secured, Redeemable, Non-Convertible Debentures   |
| Nature of Instrument   | Secured   |
| Seniority  | Senior  |
| Mode of Issue  | Private Placement   |
| Debenture Series   | VWFPL NCD D FY 2017-18  |
| Eligible Investors   | 1. Companies<br>2. Scheduled Commercial Banks<br>3. Co-operative Banks<br>4. Financial Institutions<br>5. Insurance Companies<br>6. Mutual Funds<br>7. Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI) registered with SEBI<br>8. Provident, Gratuity, Pension and Superannuation Funds |
| Listing on designated Stock Exchange                                       | BSE Limited (BSE)   |
| Timeline for listing   | The Company shall complete all the formalities relating to listing of the Debentures and forward the listing application to BSE within 15 days from the deemed date of allotment of each issue.   |
| Additional Interest payable in case of delay in listing of debt securities | In the event of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of 1% pa over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investors.               |
| Rating   | 'IND AAA' by India Ratings and Research Private Limited   |
| Issue Size   | Rs. 250,00,00,000/- (Rupees Two Hundred And Fifty Crore Only)   |
| Option to retain oversubscription (Amount)                                 | None  |

|   |  |
|---|--|
| Objects of the Issue  | <p>For augmenting the resources of the Company for various financing/lending activities related to our normal business operations including lending, to repay our existing loans taken for business purpose only, and other liabilities, for capital expenditure, and working capital requirements and for general corporate purposes.</p> <p>The Main Objects clause of the Memorandum of Association of the Company permits the Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which the Company has been carrying on till date.</p> |
| Details of contribution being made by the promoters or directors either as part of the offer or separately in furtherance of the Objects of the Issue | Nil  |
| Details of utilization of the proceeds  | <p>A. The Funds raised through the Issue will be utilized for the objects of the issue.</p> <p>B. Interim Use of Proceeds</p> <p>The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Company intends to temporarily invest funds in deposits with banks. Such investment would be in accordance with the investment policies approved by the Board from time to time.</p>                       |
| Coupon Rate   | 7.50% per annum  |
| Step Up / Step Down Coupon Rate   | None   |
| Coupon Payment Frequency  | Annual and on maturity   |
| Coupon Payment Dates  | September 11, 2018<br>September 11, 2019<br>September 11, 2020   |
| Coupon Type   | Fixed  |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor, etc)  | None   |
| Day Count Basis   | Actual / Actual<br>When the interest calculation period includes February 29, interest shall be on 366 days a year basis   |
| Interest on Application Money (if any)  | At Coupon Rate from the date of realization of the cheque / receipt of funds in case of RTGS till one day prior to date of allotment. The interest will be paid within fifteen days from the Allotment Date  |
| Interest Rate for default in Payment  | 2% per annum over and above the coupon rate  |
| Tenor   | 36 months or 1096 days from Deemed Date of Allotment   |
| Redemption Date   | September 11, 2020   |
| Redemption Amount per NCD   | Rs. 10,00,000/- (Rupees Ten Lakh Only)   |

|   |   |
|---|---|
| Redemption Premium / Discount   | None  |
| Issue Price   | Rs. 10,00,000/- (Rupees Ten Lakh Only)  |
| Discount at which security is issued and the effective yield as a result of such discount | None  |
| Put Date  | None  |
| Put Price   | None  |
| Call Date   | None  |
| Call Price  | None  |
| Put Notification Time   | None  |
| Call Notification Time  | None  |
| Face Value per NCD  | Rs. 10,00,000/- (Rupees Ten Lakh Only)  |
| Minimum Application and in multiples of Debt securities thereafter                        | 10 Debentures (Rs. 1,00,00,000/-) & in multiples of 1 Debenture (Rs. 10,00,000/-) thereafter  |
| Issue Timing  |   |
| 1. Issue Opening Date   | September 11, 2017  |
| 2. Issue Closing Date   | September 11, 2017  |
| 3. Pay-in Date  | September 11, 2017  |
| 4. Deemed Date of Allotment   | September 11, 2017  |
| Issuance mode of the instrument   | Demat mode only   |
| Trading mode of the instrument  | Demat mode only   |
| Settlement mode of the instrument   | Name of Bank – BNP Paribas<br>Address of Bank – French Bank Building 62 Homji Street, Fort, Mumbai 400 001<br>IFSC Code – BNPA0009009<br>Account No. - 0900911697200196<br>Name of beneficiary – Volkswagen Finance Private Limited   |
| Arranger to the Issue   | HDFC Bank   |
| Depository(ies)   | National Securities Depository Limited & Central Depository Services (India) Limited  |
| Business Day Convention   | If coupon payment dates of the debt securities, fall on a Sunday or a holiday, the coupon payment shall be made on the next working day. If the maturity date of the debt securities, fall on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. It is clarified that the last coupon payment will be made along with the redemption proceeds on the maturity date and accordingly, the business day convention for the purposes of payment of redemption proceeds will be applicable. The interest in such case will be paid upto previous day of actual redemption / repayment date. |
| Record Date   | 15 Calendar Days prior to each Coupon payment date / Put Date / Call Date / Redemption Date. If record date is non-business day, then previous business day will be considered  |
| Security  | The Debentures being issued / proposed to be issued under this Disclosure Document and Private Placement Offer Letter shall be secured through a first ranking pari passu mortgage over Immovable Property of the Company created in terms of the Debenture Trust Deed dated January 8, 2016, Supplementary Agreement to the Debenture Trust Deed dated   |



|  |   |
|--|---|
|  | <p>July 21, 2016 and Supplementary Agreement to the Debenture Trust Deed dated April 6, 2017; and a first and pari passu hypothecation over Movable Property of the Company created in terms of the Deed of Hypothecation dated January 22, 2016 such that the Asset Cover Ratio will be maintained at or above the Minimum Security Cover.</p> <p>The Company shall provide further/additional Security so as to ensure that the Asset Cover Ratio is maintained at or above the Minimum Security Cover. So long as the Asset Cover Ratio is being maintained at or above the Minimum Security Cover and no Event of Default has occurred or is continuing, the Company shall be entitled to substitute substitute/release the Security in accordance with the Deed of Hypothecation and the Debenture Trust Deed subject to the conditions mentioned therein.</p> <p>In case of delay in execution of Trust Deed and Charge documents, the Company will pay penal interest of 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.</p> |
| Name and Address of the valuer who performed valuation of the security offered | Not conducted   |
| Transaction Documents  | <ol style="list-style-type: none"> <li>1. Debenture Trust Deed dated January 8, 2016</li> <li>2. Deed of Hypothecation dated January 22, 2016</li> <li>3. Supplementary Agreement to the Debenture Trust Deed dated July 21, 2016</li> <li>4. Supplementary Agreement to the Debenture Trust Deed dated April 6, 2017</li> <li>5. This Disclosure Document; and</li> <li>6. any other document that may be designated as a transaction document by the Debenture Trustee</li> </ol>   |
| Conditions Precedent to Disbursement   | <p>As is customary for a transaction of this nature, including but not limited to the following:</p> <ol style="list-style-type: none"> <li>a) relevant board resolution</li> <li>b) submission of constitutional documents to the applicants</li> <li>c) submission of Disclosure Document to the applicants</li> <li>d) submission of 'in-principle' listing approval to the applicants</li> <li>e) submission of consent letter from debenture trustee to the applicants</li> <li>f) submission of rating letter and rating rationale / press release (rating agency) to the applicants</li> </ol>   |
| Conditions Subsequent to Disbursement  | <p>As is customary for a transaction of this nature, including but not limited to the following:</p> <ol style="list-style-type: none"> <li>a) allotment of debentures and credit of debentures units in investor's demat account</li> <li>b) completion of listing of debentures on the stock exchange</li> </ol>  |
| Events of Default  | As mentioned under clause 14 of the Debenture Trust Deed dated January 8, 2016, clause 14 of the Deed of Hypothecation dated January 22, 2016, clause 1 of the  |

|   |   |
|---|---|
|   | Supplementary Agreement to the Debenture Trust Deed dated July 21, 2016 and clause 1 of the Supplementary Agreement to the Debenture Trust Deed dated April 6, 2017   |
| Provisions related to Cross Default Clause      | Not Applicable  |
| Roles and Responsibilities of Debenture Trustee | As mentioned in the Debenture Trust Deed  |
| Tax   | <p>Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS Exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holders at the office of registrar and transfer agent before the Record Date pertaining to the relevant Interest Payment Date. Tax exemption certificate in respect of non- deduction of tax on interest on application money, must be submitted along with the Application Form to the satisfaction of the Issuer. The prospective investor is advised to consult his tax advisor before investing in the Debentures to be issued by the Issuer.</p> <p>However, Investors may note that as per Income Tax Act, 1961, tax is not required to be deducted at source on interest payable on security issued by a company, where such security is in dematerialized form and is listed on a recognized Stock Exchange in India in accordance with the Securities Contracts.</p> |
| Governing Law and Jurisdiction                  | <p>The Debentures are governed by and shall be construed in accordance with the existing Indian Laws. Any dispute arising in respect of or in connection with the Transaction Documents executed in relation to the Debentures will be subject to the exclusive jurisdiction of the courts and tribunals in the city of Mumbai..</p> <p><b>ARBITRATION:</b><br/>The Parties shall endeavor to settle any dispute through Arbitration as described in Clause 23.4 of the Debenture Trust Deed. The Arbitration will be in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996 as may be amended from time to time. The arbitration proceedings shall be held in Mumbai. For the purposes of arbitration, the Courts in Mumbai shall have jurisdiction in respect of any suit, petition, reference or other filing permitted or required to be made.</p>  |

**Illustration of Bond Cash Flows (for Rs. 100 crore)****VWEPL NCD D FY 2017-18**

| Cash Flows   | Date      | No of days in Coupon Period | Amount (in Rupees) |
|--------------|-----------|-----------------------------|--------------------|
| 1st Coupon   | 11-Sep-18 | 365                         | 75,000,000         |
| 2nd Coupon   | 11-Sep-19 | 365                         | 75,000,000         |
| 3rd Coupon   | 11-Sep-20 | 366                         | 75,000,000         |
| Principal    | 11-Sep-20 | 1,096                       | 1,000,000,000      |
| <b>Total</b> |           |                             | 1,225,000,000      |

## **(V) DISCLOSURES PERTAINING TO WILFUL DEFAULT**

The disclosures pertaining to wilful default are not applicable to the Company since the Company or its promoters or directors have not been declared as wilful defaulters by any Bank.

## (VI) REGULATORY DISCLOSURES

### A NAME, ADDRESS & REGISTERED OFFICE OF THE COMPANY

#### **Volkswagen Finance Private Limited**

The Company was incorporated as a private limited company on January 16, 2009 in Mumbai, Maharashtra

#### **Registered Office / Corporate Office**

Silver Utopia, 3rd floor, Wing A  
Cardinal Gracious Road,  
Chakala, Andheri East  
Mumbai 400 099  
Phone: (022) 3952 1000; Fax: (022) 3952 1001  
Website: [www.volkswagen-finance-india.co.in](http://www.volkswagen-finance-india.co.in)

#### **Branch Office**

1101 & 1102, 11th Floor,  
Prestige Meridian 1,  
M G Road,  
Bangalore – 560001  
Phone: (080) 41237606/09/10

106-110, JMD Regent Square,  
1st floor, MG Road,  
Gurgaon, 122 002 Haryana  
Phone; +91 124 3001600

#### **Registration**

Corporate Identity Number: U65999MH2009FTC189640 dated January 16, 2009 issued by the Registrar of Companies, Maharashtra, Mumbai  
NBFC registration: N-13.01988 dated March 17, 2011 issued by the RBI.

#### **Compliance Officer**

Ms. Harshada Pathak, Company Secretary & Compliance Officer  
3rd floor, Wing A Silver Utopia,  
Cardinal Gracious Road,  
Chakala, Andheri East  
Mumbai 400 099  
Phone: 3952 1655  
Fax: 3952 1001  
Email – Harshada.pathak@vwfs.com

#### **Grievance Redressal**

In case of any grievances relating to the issue of the NCDs by the Company, the same shall be addressed to [ncdprivateplacement.india@vwfs.com](mailto:ncdprivateplacement.india@vwfs.com)

#### **Chief Financial Officer (CFO)**

Mr. Gokhan Cinar has been appointed as the Chief Financial Officer (CFO) of the Company with effect from January 01, 2017.

**Arranger of the Issue**

HDFC Bank –  
Peninsula Business Park, 4th Floor, Tower B,  
Senapati Bapat Marg, Lower Parel – (W),  
Mumbai – 400 013  
Tel No. 022-33958150  
Fax No. 022-30788584  
Email: niranjan.kawatkar@hdfcbank.com  
Contact Person: Mr. Niranjan Kawatkar

**Trustee of the Issue**

Vistra ITCL (India) Limited  
(formerly known as IL&FS Trust Company Limited)  
The IL&FS Financial Centre, Plot C-22, G-Block  
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
Tel: 022-2659 3150 : Fax: 022- 2653 3297  
Website : <https://www.vistraitcl.com/>  
Contact : Mr. Jatin Chonani, Email: itclcomplianceofficer@vistra.com  
SEBI Reg. No. IND000000452

**Registrar of the Issue**

Bigshare Services Private Limited  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai - 400 072  
Tel: +91-22-404 30 200  
Fax: +91-22-2847 5207  
SEBI REG.No. INR000001385  
Contact : Mr. Babu Rapheal

**Credit Rating Agency of the Issue**

India Ratings and Research Private Limited  
Wockhardt Tower, 4th Floor  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400051  
Tel: 022-4000 1700  
Fax: 022-4000 1701  
Contact : Mr. Shrikant Dev, Compliance Officer  
[shrikant.dev@indiaratings.co.in](mailto:shrikant.dev@indiaratings.co.in)

**Auditors of the Company**

| Name             | Address   | Auditor since |
|------------------|---|---------------|
| Price Waterhouse | 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai – 400028, India | 12-Feb-2009   |

## **B. BRIEF SUMMARY OF THE BUSINESS/ACTIVITIES OF THE ISSUER**

### **Overview**

The Company is a wholly owned subsidiary (directly and indirectly) Volkswagen Financial Services AG. The Company provides retail finance to the customers of Volkswagen Group Brands viz Audi, Skoda, Volkswagen, Lamborghini, Porsche, Scania and MAN. Besides, the Company also provides stock financing, term financing, spare parts financing, Demo (demonstration) car financing to the dealers of Volkswagen Group Brands. The Company also finances retail customers of used cars of other Brands and dealers stocking used cars of other Brands in a limited way. As a pilot project, the Company offers leasing product to Volkswagen IT Services India Private Limited for their employees.

The Company also acts as a Corporate Agent of Bajaj Allianz General Insurance Company Limited, Reliance General Insurance Company Limited and United India Insurance Company Limited.

### **C. Corporate Structure**

Volkswagen Finance Private Limited is a wholly owned subsidiary of Volkswagen Financial Services A.G. The composition of Board of Directors of the Company as on September 1, 2017 is as follows,

1. Mr. Hans Patrik Riese, Managing Director and Chief Executive Officer (CEO)
2. Mr. Gokhan Cinar, Managing Director and Chief Financial Officer (CFO)
3. Mr. Reinhard Fleger, Non –Executive Director
4. Ms. Rupa Vora, Independent Director
5. Mr. Mrinal Chandran, Independent Director

All the Functional Heads of the Company and Company Secretary report to the Managing Directors.

## (VII) BRIEF HISTORY AND CAPITAL STRUCTURE OF THE COMPANY

### Brief History

The Company was incorporated on January 16, 2009 with the Registrar of Companies, Maharashtra, Mumbai (Registration Number U65999MH2009FTC189640) under the name Volkswagen Finance Private Limited. The Company received registration from RBI on March 17, 2011 as a Non -Banking Financial Company (NBFC) (Registration No. N-13.01988) to carry on the business of a Non-Banking Financial Company without accepting public deposits. The Company is a Systemically Important Non Deposit Accepting NBFC. The Registered Office of the Company was shifted from 3, North Avenue, Level 5, Maker Maxity, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 to 3<sup>rd</sup> floor, Wing A, Silver Utopia, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai 400099 with effect from April 01, 2013.

### Key Operational and Financial Parameters for last 3 financial years (audited) (Standalone basis)

| Parameters   | FY 2016-17      | FY 2015-16      | FY 2014-15      |
|--|-----------------|-----------------|-----------------|
| <b>For Financial Entities</b>  |                 |                 |                 |
| Networth   | 13,13,86,15,112 | 12,58,91,51,218 | 11,76,25,91,507 |
| Total Debt   | 43,27,72,72,445 | 40,86,33,36,373 | 33,73,73,86,028 |
| of which – Non Current Maturities of   |                 |                 |                 |
| Long Term Borrowing  | 14,00,00,00,000 | 12,25,00,00,000 | 8,00,00,00,000  |
| Short Term Borrowing   | 24,02,72,72,445 | 24,61,33,36,373 | 21,23,73,86,028 |
| Current Maturities of  |                 |                 |                 |
| Long Term Borrowing  | 5,25,00,00,000  | 4,00,00,00,000  | 4,50,00,00,000  |
| Net Fixed Assets   | 13,44,30,354    | 14,33,74,399    | 15,30,79,034    |
| Non-Current Assets   | 32,01,96,26,368 | 30,54,76,41,721 | 24,57,39,07,857 |
| Cash and Bank Balances   | 3,33,77,973     | 3,85,75,608     | 30,83,790       |
| Current Investments  | -               | -               | -               |
| Current Assets   | 30,05,41,00,983 | 28,00,36,57,196 | 25,46,05,93,264 |
| Current Liabilities  | 4,37,81,79,737  | 3,40,01,12,735  | 2,79,24,54,937  |
| Assets Under Management  | -               | -               | -               |
| Off Balance Sheet Assets   | -               | -               | -               |
| Interest Income  | 5,23,59,44,320  | 4,83,62,54,034  | 4,02,07,77,571  |
| Interest Expense   | 3,45,28,82,480  | 3,22,83,61,038  | 2,86,73,45,038  |
| Provisioning & Write-offs  | 58,74,30,572    | -               | 40,85,51,721    |
| Profit Before Tax (PBT)  | 87,46,14,742    | 1,21,34,95,968  | 93,89,89,342    |
| Profit After Tax (PAT)   | 54,94,63,894    | 82,65,59,711    | 63,37,61,222    |
| Gross NPA (%)  | 2.71%           | 2.30%           | 4.14%           |
| Net NPA (%)  | 1.27%           | 1.07%           | 2.41%           |
| Tier I Capital Adequacy Ratio (%)  | 20.42%          | 20.78%          | 22.69%          |
| Tier II Capital Adequacy Ratio (%)   | 0.34%           | 0.29%           | 0.24%           |
| Dividend Declared for FY   | NIL             | NIL             | NIL             |
| Interest Coverage Ratio (Cash profit after tax plus interest paid / interest paid) | 1.45            | 1.44            | 1.41            |



## Cash Flow Statements

| Particulars   | March 31, 2017          | March 31, 2016          | March 31, 2015          |
|---|-------------------------|-------------------------|-------------------------|
|   | (Rupees)                | (Rupees)                | (Rupees)                |
| <b>A. Cash flow from operating activities</b>                             |                         |                         |                         |
| Net Profit/(loss) before taxation   | 87,46,14,742            | 1,21,34,95,968          | 93,89,89,342            |
| Adjustments for :   |                         |                         |                         |
| Depreciation / amortisation   | 4,35,81,808             | 4,94,73,479             | 6,59,69,216             |
| Interest on Fixed Deposit   | -                       | -                       | (17,06,849)             |
| Profit on Sale of Fixed Assets  | -                       | -                       | -                       |
| Discount on Commercial Papers   | 1,72,63,566             | (60,517,691)            | 20,489,656              |
| Loss on Sale of Fixed Assets (net)  | 77,37,604               | 16,33,622               | 2,54,329                |
| Contingent Provision Against Standard Assets                              | 1,40,35,475             | 10,63,49,052            | 1,17,98,817             |
| Provision for Future Potential Losses                                     | (8,42,86,591)           | 13,14,44,163            | 39,67,52,904            |
| Bad Debts Written Off   | 48,63,90,050            | 11,32,85,365            | 29,47,20,160            |
| Provision for Non-Performing Assets                                       | 17,12,91,638            | (15,29,27,142)          | (52,68,05,534)          |
| Provision for Leave Encashment  | 33,41,058               | 31,09,920               | 9,40,116                |
| Provision for Lease Equalisation  | -                       | (20,72,000)             | (24,86,400)             |
| Provision for Gratuity  | 67,14,515               | 61,30,167               | 34,84,757               |
| <b>Operating Profit/ (Loss) before working capital changes</b>            | <b>1,54,06,83,865</b>   | <b>1,40,94,04,903</b>   | <b>1,20,24,00,514</b>   |
| changes in working capital :  |                         |                         |                         |
| Increase / (decrease) in Long Term Borrowings                             | -                       | -                       | -                       |
| Increase / (decrease) in Other Long Term Liabilities                      | (3,19,21,915)           | (5,63,72,442)           | (1,33,59,603)           |
| Increase / (decrease) in Trade Payables                                   | 32,14,76,857            | 46,06,82,091            | (62,03,60,348)          |
| Increase / (decrease) in Other Current Liabilities                        | 14,96,71,711            | 14,78,95,738            | 3,30,21,395             |
| Increase / (decrease) in Provisions                                       | (77,70,025)             | (30,06,737)             | (21,92,231)             |
| (Increase) / decrease in Long Term Loans and Advances                     | (2,07,81,87,356)        | (6,05,63,80,770)        | (2,07,40,07,850)        |
| (Increase) / decrease in Trade Receivable                                 | (8,14,560)              | 27,67,202               | 6,90,25,337             |
| (Increase) / decrease in Short Term Loans and Advances                    | (1,98,13,16,576)        | (2,49,53,90,702)        | (1,51,54,49,730)        |
| (Increase) / decrease in Other Current Assets                             | (6,83,12,653)           | (5,04,40,432)           | (3,81,99,913)           |
| <b>Cash used in Operations</b>  | <b>(2,15,64,90,652)</b> | <b>(6,64,08,41,149)</b> | <b>(2,97,96,12,085)</b> |
| Taxes paid (net of refunds)   | (20,52,72,925)          | (46,78,12,573)          | (22,68,58,569)          |
|   |                         |                         |                         |
| <b>Net cash used in operating activities</b>                              | <b>(2,36,17,63,577)</b> | <b>(7,10,86,53,722)</b> | <b>(3,185,980,998)</b>  |
| <b>B. Cash flow from Investing Activities</b>                             |                         |                         |                         |
| Purchase of tangible/intangible assets including Capital work-in-progress | (5,23,99,935)           | (4,72,90,395)           | (5,04,51,388)           |
| Sale of tangible/intangible assets  | 63,09,985               | 49,67,897               | 1,47,259                |
| Increase in Capital Work In Progress                                      | -                       | -                       | -                       |
| Increase in Intangible Assets under Development                           | -                       | -                       | -                       |

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| Interest received   |                       |                       | 17,06,849             |
|   |                       |                       |                       |
| <b>Net cash used in investing activities</b>  | <b>(4,60,89,950)</b>  | <b>(4,23,22,498)</b>  | <b>(4,85,97,280)</b>  |
| <b>C. Cash flow from Financing Activities</b>   |                       |                       |                       |
| Proceeds from issue of equity share capital   | -                     | -                     | -                     |
| Proceeds from Long Term Borrowings (including current maturities of Long Term Borrowings) | 7,00,00,00,000        | 8,25,00,00,000        | 4,00,00,00,000        |
| Redemption of Current maturities of Long Term Borrowings                                  | (4,00,00,00,000)      | (4,50,00,00,000)      | (1,50,00,00,000)      |
| Net proceeds from Bank Overdraft  | (1,24,54,00,442)      | 1,20,70,02,733        | 1,16,09,77,105        |
| Proceeds from issue of Commercial Papers  | 42,01,97,42,200       | 43,07,05,32,402       | 63,04,91,36,500       |
| Repayment of Commercial Papers  | (33,63,76,69,254)     | (47,14,10,67,097)     | (59,59,61,99,842)     |
| Proceeds from Working Capital Demand Loan   | 39,30,00,00,000       | 23,33,00,00,000       | 5,59,00,00,000        |
| Repayment of Working Capital Demand Loan  | (47,04,00,00,000)     | (17,03,00,00,000)     | (9,45,00,00,000)      |
|   |                       |                       |                       |
| <b>Net cash from financing activities</b>   | <b>2,39,66,72,504</b> | <b>7,18,64,68,038</b> | <b>3,25,39,13,763</b> |
|   |                       |                       |                       |
| <b>Net (Decrease) / Increase in Cash and cash equivalents (A)+(B)+(C)</b>                 | <b>(1,11,81,023)</b>  | <b>3,54,91,818</b>    | <b>(11,54,171)</b>    |
|   |                       |                       |                       |
| <b>Cash / cash equivalents, beginning of the year</b>                                     | <b>3,85,75,608</b>    | <b>30,83,790</b>      | <b>42,37,961</b>      |
|   |                       |                       |                       |
| <b>Cash / cash equivalents, end of the year</b>   | <b>2,73,94,585</b>    | <b>3,85,75,608</b>    | <b>30,83,790</b>      |

**Changes in accounting policies during the last three years and their effect on the profits and the reserves of the company.**

There is no change in the accounting policies which has any effect on profit/reserves of the company.

**Gross Debt Equity Ratio as on July 31, 2017 (Based on unaudited financial statements)**

*(Rs. In Lakh)*

|  | Before the Issue | After the Issue |
|--|------------------|-----------------|
| Short Term Debt (including Current Maturities of Long Term Borrowings) | 2,47,030         | 2,47,030        |
| Long Term Debt   | 1,50,000         | 1,75,000        |
| Interest accrued but not due on borrowings                             | 8,499            | 8,499           |
| <b>Total Debt</b>  | <b>4,05,528</b>  | <b>4,30,528</b> |
|  |                  |                 |
| Share Capital  | 1,16,880         | 1,16,880        |
| Add: Reserves & Surplus  | 17,073           | 17,073          |
| <b>Total Shareholders' funds</b>                                       | <b>1,33,953</b>  | <b>1,33,953</b> |
|  |                  |                 |
| <b>Debt Equity Ratio</b>   | <b>3.03</b>      | <b>3.21</b>     |

The Share Capital of the Company as on March 31, 2017 is set forth below:

| Particulars   | Rs.                    |
|---|------------------------|
| <b>Share Capital</b>  |                        |
| <b>Authorised Share Capital</b>   |                        |
| 1,62,90,00,000 Equity shares of Rs. 10 each (Divided in to 14,66,10,000 'A' Equity Shares of Rs.10 each carrying voting rights and dividend rights, and 1,48,23,90,000 'B' Equity Shares of Rs.10/- carrying no voting rights and restricted dividend rights) | 16,29,00,00,000        |
| <b>Total</b>  | <b>16,29,00,00,000</b> |
| <b>Issued Share Capital</b>   |                        |
| 1,16,88,02,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)  | 11,68,80,21,440        |
| <b>Total</b>  | <b>11,68,80,21,440</b> |
| <b>Subscribed Share Capital</b>   |                        |
| 1,16,88,02,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)  | 11,68,80,21,440        |
| <b>Total</b>  | <b>11,68,80,21,440</b> |
| <b>Paid Up Share Capital (before the issue and after the present issue)</b>   |                        |
| 1,16,88,02,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)  | 11,68,80,21,440        |
| <b>Total</b>  | <b>11,68,80,21,440</b> |

Changes in the Authorised Capital of Company as on March 31, 2017 since inception

| Sr. No. | Date of change (AGM / EGM)                          | Rs.            | Particulars   |
|---------|---|----------------|---|
| 1       | January 5, 2009                                     | 6,70,00,000/-  | The Authorised Share Capital of the Company at the time of incorporation was Rs. 6,70,00,000/- (Rupees Six Crore Seventy Lakh only) divided into 67,00,000 (Sixty Seven Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.  |
| 2       | Extra Ordinary General Meeting (EGM), July 29, 2009 | 21,00,00,000/- | The Authorised Share Capital of the Company was increased from Rs. 6,70,00,000/-(Rupees Six Crore Seventy Lakh only) divided into 67,00,000 (Sixty Seven Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.21,00,00,000/- (Rupees Twenty one Crore only) divided into 2,10,00,000 (Two Crore Ten Lakh.) Equity Shares of Rs.10/- (Rupees Ten only) each |
| 3       | EGM, October 28, 2010                               | 54,50,22,090   | The Authorised Share Capital of the Company was increased from Rs. 21,00,00,000/- (Rupees Twenty One Crore only) divided into 2,10,00,000 (Two Crore Ten Lakh.) Equity Shares   |

|    |                              |                 |  |
|----|------------------------------|-----------------|--|
|    |                              |                 | of Rs.10/- (Rupees Ten only) each to Rs. 54,50,22,090/- (Rupees Fifty Four Crore Fifty Lakh Twenty Two Thousand Ninety Only) divided into 5,45,02,209 (Five Crore Forty Five Lakh Two Thousand Two Hundred Nine) Equity Shares of Rs. 10/- (Rupees Ten Only) each  |
| 4  | EGM,<br>February<br>24, 2011 | 7,18,80,22,090  | The Authorized Share Capital of the Company was increased from Rs. 54,50,22,090/- (Rupees Fifty Four Crore Fifty Lakh Twenty Two Thousand Ninety Only) divided into 5,45,02,209 (Five Crore Forty Five Lakh Two Thousand Two Hundred Nine) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 7,18,80,22,090/- (Rupees Seven Hundred Eighteen Crore Eighty Lakh Twenty Two Thousand Ninety Only) divided into 71,88,02,209 (Seventy One Crore Eighty Eight Lakh Two Thousand Two Hundred Nine Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each. |
| 5. | EGM,<br>March<br>16, 2012    | 16,29,00,00,000 | The Authorized Share Capital of the Company is increased from Rs. 718,80,22,090/- (Rupees Seven Hundred Eighteen Crore Eighty Lakh Twenty Two Thousand Ninety Only) 71,88,02,209 (Seventy One Crore Eighty Eight Lakh Two Thousand Two Hundred Nine Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 1,629,00,00,000 (Rupees One Thousand Six Hundred Twenty Nine Crore Only) divided in to 1,62,90,00,000 (One Hundred Sixty Two Crore and Ninety Lakh Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.                               |

**Changes in the issued subscribed and paid-up capital of the Company since inception and Equity Share Capital History of the Company as on March 31, 2017**

| Date of the Allotment | No. of Shares and Face Value            | Issue Price Per Share (Rs) | Consideration (Cash, other than cash, etc.) | Nature of Allotment                           | Cumulative Capital (No. of Equity Shares) | Cumulative Capital (Rs.) | Equity Share Premium | Remarks |
|-----------------------|---|----------------------------|---|---|---|--------------------------|----------------------|---------|
| March 16, 2009        | 67,00,000 Equity Shares of Rs.10/- each | 10                         | Cash  | Subscription to the Memorandum of Association | 67,00,000                                 | 6,70,00,000              | Nil                  | N.A.    |
| December 02, 2009     | 68,65,600 Equity Shares of Rs.10/- each | 10                         | Cash  | Fresh Issue of equity shares at par           | 1,35,65,600                               | 13,56,56,000             | Nil                  | N.A.    |

|                   |   |    |      |                                     |                |                 |     |      |
|-------------------|---|----|------|-------------------------------------|----------------|-----------------|-----|------|
| August 04, 2010   | 59,36,609 Equity Shares of Rs.10/- each   | 10 | Cash | Fresh Issue of equity shares at par | 1,95,02,209    | 19,50,22,090    | Nil | N.A. |
| March 16, 2011    | 349,99,999 Equity Shares of Rs.10/- each  | 10 | Cash | Fresh Issue of equity shares at par | 5,45,02,208    | 54,50,22,080    | Nil | N.A. |
| June 20, 2011     | 693,00,000 Equity Shares of Rs. 10 each   | 10 | Cash | Fresh Issue of equity shares at par | 12,38,02,208   | 123,80,22,080   | Nil | N.A. |
| November 16, 2011 | 15,78,75,016 Equity Shares of Rs. 10 each | 10 | Cash | Fresh Issue of equity shares at par | 28,16,77,224   | 281,67,72,240   | Nil | N.A. |
| February 22, 2012 | 43,71,24,920 Equity Shares of Rs. 10 each | 10 | Cash | Fresh Issue of equity shares at par | 71,88,02,144   | 718,80,21,440   | Nil | N.A. |
| August 23, 2012   | 45,00,00,000 Equity Shares of Rs. 10 each | 10 | Cash | Fresh Issue of equity shares at par | 1,16,88,02,144 | 11,68,80,21,440 | Nil | N.A. |

**Details of any acquisition or amalgamation in the last 1 year – None**

**Details of any reorganization or reconstruction in the last 1 year – None**

**Share holding pattern of the Company as on March 31, 2017 / List of top 10 holders of equity shares as on March 31, 2017/ Details of Promoter Holding in the Company as on March 31, 2017**

| Sr. No. | Name of the Shareholders       | Total No. of Equity Shares | No. of Shares in demat form | Nominal Value (Rs.) | Total Paid-Up Value of Shares Held (Rs.) | Total Shareholding as % of Total No. of Equity Shares | No. of Shares Pledged | % of Shares pledged with respects to shares owned |
|---------|--------------------------------|----------------------------|-----------------------------|---------------------|--|---|-----------------------|---|
| 1       | Volkswagen Finance Overseas BV | 10,51,92,207               | -                           | 10                  | 1,05,19,22,070                           | 9   | Nil                   | Nil   |

|   |                                  |                       |          |           |                        |            |            |            |
|---|----------------------------------|-----------------------|----------|-----------|------------------------|------------|------------|------------|
| 2 | Volkswagen Financial Services AG | 1,06,36,09,937        | -        | 10        | 1,063,60,99,370        | 91         | Nil        | Nil        |
|   | <b>Total Paid Up Capital</b>     | <b>1,16,88,02,144</b> | <b>-</b> | <b>10</b> | <b>1,168,80,21,440</b> | <b>100</b> | <b>Nil</b> | <b>Nil</b> |

**Note: None of the equity shares are pledged by the promoters**

### **Board of Directors / Management of the company**

Details of the current Board of Directors of Volkswagen Finance Private Limited as on the date of this Disclosure Document are as under:

| <b>Name, Current Designation and DIN</b>   | <b>Date of Birth and Age</b> | <b>Address</b>   | <b>Director of the Company since</b> | <b>Directorships in other Indian public Companies</b> | <b>Occupation</b> |
|--|------------------------------|--|--------------------------------------|---|-------------------|
| Mr. Gokhan Cinar<br><br>Designation:<br>Managing Director & CFO<br><br>DIN: 07649354             | June 28, 1977<br><br>40      | C/O Silver Utopia, 3rd floor, Wing A, Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099 | 11-November-2016                     | None  | Service           |
| Mr. Hans Patrik Riese<br>DIN:07823008<br>Designation:<br>Managing Director & CEO<br>(see Note 3) | August 05, 1967<br><br>50    | C/O Silver Utopia, 3rd floor, Wing A, Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099 | 30 May-2017                          | None  | Service           |
| Mr. Reinhard Walter Flegler<br><br>Designation:<br>Non-Executive, Director<br><br>DIN: 02750961  | August 03, 1957<br><br>60    | 38442, Wolfsburg, Dingelstadter Straße 21 Germany  | 26-September-2014                    | None  | Service           |
| Mr. Mrinal Chandran<br><br>Designation:<br>Non-Executive, Independent Director                   | December 15, 1976<br><br>40  | A-301, 3rd Floor, Aster Dosti Acres, Off S.M. Road, Wadala (East), Mumbai, 400037                  | 7-November-2014                      | None  | Professional      |

|   |                         |  |                         |  |   |
|---|-------------------------|--|-------------------------|--|---|
| DIN: 02578553   |                         |  |                         |  |   |
| Ms. Rupa Vora<br><br>Designation:<br>Non-Executive,<br>Independent<br>Director<br><br>DIN: 01831916 | July 21, 1961<br><br>56 | 8, Hyde Park, 227,<br>Sher-e-Punjab<br>Society, Mahakali<br>Caves Road,<br>Andheri (East),<br>Mumbai: 400093 | 7-<br>November-<br>2014 | 1.Advanced<br>Enzyme<br>Technologies<br>Limited<br>2.New<br>Consolidated<br>Construction<br>Company<br>Limited<br>3.Capacit'e<br>Infraprojects<br>Limited<br>4. JM Financial<br>Asset<br>Reconstruction<br>Company<br>Limited<br>5.Crvatex<br>Brands Limited<br>(See note 2) | Chartered<br>Accountant &<br>Philanthropist |

Notes:

1. None of the Directors of the Company are appearing in the RBI defaulter list and / or ECGC default list.
2. Ms Rupa Vora also holds directorship in SS Inclusive Development Finance Private Limited and SS Human Development Foundation.
3. Mr. Hans Patrik Riese was appointed as the Managing Director and Chief Executive Officer (CEO) of the Company with effect from July 01, 2017.

**Details of change in directors since inception**

| <b>Name, Current Designation and DIN</b>  | <b>Date of Appointment / Resignation</b> | <b>Director of the Company since (in case of Resignation)</b> | <b>Remarks</b> |
|---|--|---|----------------|
| Mr. Oliver Schmidt<br><br>Designation: Managing Director<br><br>DIN: 02235076       | 9-March-2010<br>(resignation)            | 16-January-2009   | Resigned       |
| Mr. Joern Ackim Kurzrock<br><br>Designation: Managing Director<br><br>DIN: 02681875 | 6-December-2012<br>(resignation)         | 05-August-2009  | Resigned       |
| Ms. Silke Schmidt<br>Designation: Managing Director<br><br>DIN: 03403499            | 31-December-2013<br>(resignation)        | 31-January-2011   | Resigned       |

|   |                                    |                  |          |
|---|------------------------------------|------------------|----------|
| Mr. Marut Dhar<br>Designation: Director<br>DIN: 02225564                                    | 15-January-2014<br>(resignation)   | 16-January-2009  | Resigned |
| Mr. Guy Broekmans<br>Designation: Managing Director<br>& CEO<br>DIN: 06427074               | July 1, 2015<br>(resignation)      | November 2, 2012 | Resigned |
| Mr. Pieter Griep<br>Designation: Managing Director<br>& CFO<br>DIN: 06784366                | 31-December-2016<br>(resignation)  | January 14, 2014 | Resigned |
| Mr. Reinhard Walter Fleger<br>Designation: Non-Executive,<br>Director<br>DIN: 02750961      | 26-September-2014<br>(appointment) | NA               | None     |
| Mr. Mrinal Chandran<br>Designation: Non-Executive,<br>Independent Director<br>DIN: 02578553 | 7-November-2014<br>(appointment)   | NA               | None     |
| Ms. Rupa Vora<br>Designation: Non-Executive,<br>Independent Director<br>DIN: 01831916       | 7-November-2014<br>(appointment)   | NA               | None     |
| Mr. Sanjay Bhikchand Mundade<br>Designation:<br>Executive Director<br>DIN: 02659176         | 28-January-2016<br>(resignation)   | 6-May-2015       | Resigned |
| Mr. Andreas Kutzner<br>Designation: Managing Director<br>& CEO<br>DIN: 07232849             | 30-June-2017<br>(resignation)      | 20-July-2015     | Resigned |



|   |                                   |    |      |
|---|-----------------------------------|----|------|
| Mr. Gokhan Cinar<br><br>Designation : Managing Director and CFO<br><br>DIN- 07649354    | 11-November-2016<br>(appointment) | NA | None |
| Mr. Hans Patrik Riese<br><br>Designation: Managing Director and CEO<br><br>DIN:07823008 | 30-May-2017<br>(appointment)      | NA | None |

### Details of the auditor of the Company

| Name             | Address   | Auditor since |
|------------------|---|---------------|
| Price Waterhouse | 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai – 400028, India | 12-Feb-2009   |

### Details of change in Auditors since last 3 years

No change in the Auditors since last 3 years.

### Credit Rating and Rating Rationale

India Ratings and Research Private Limited has assigned “IND AAA” rating to the Secured Redeemable Non-Convertible Debentures program (Private Placement) of the Company upto Rs. 2,600 crore out of which NCDs of Rs. 2,050 crore are outstanding as on date of this Disclosure Document. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The credit rating has been affirmed by the Credit Rating Agency through a press release dated July 26, 2017. The press release dated July 26, 2017 and Rating Letter dated August 31, 2017 are included in the Annexures at the end of this Disclosure Document.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions in this regard. Each rating may be subject to revision or withdrawal at any time by the assigning rating agency on the basis of new information and each rating should be evaluated independently of any other rating.

### Name of the Debenture Trustee and Consent thereof

Vistra ITCL (India) Limited  
(formerly known as IL&FS Trust Company Limited)  
The IL&FS Financial Centre, Plot C-22, G-Block, 7<sup>th</sup> Floor  
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
Tel: 022-2659 3150 : Fax: 022- 2653 3297  
Website : <https://www.vistraitcl.com/>  
Contact : Mr. Jatin Chonani, Email: [itclcomplianceofficer@vistra.com](mailto:itclcomplianceofficer@vistra.com)  
SEBI Reg. No. IND000000452

The Company and the Debenture Trustee have executed a Debenture Trustee Agreement on November 30, 2015 whereby the Company has appointed IL&FS Trust Company Limited to act as Debenture Trustee for the issue and whereby IL&FS Trust Company Limited has agreed to act as Debenture Trustee for the issue. The Debenture Trustee has also given its consent vide letter dated September 05, 2017 for its appointment under regulation 4 (4) as Debenture Trustee for the Issue.

All the rights and remedies of the Debenture Holders under this issue shall vest in and shall be exercised by the Debenture Trustee without reference to the Debenture Holders. All investors under this issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee appointed by the Company to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Company to the Debenture Trustee, on behalf of the Debenture Holders (only after prior confirmation from debenture holders to debenture trustee), shall completely and irrevocably, from the time of making such payment, discharge the Company pro tanto as regards its liability to the Debenture Holders. Any account for such transaction will be opened only at that point in time.

**Whether the security is backed by a guarantee or letter of comfort or any other document/letter with similar intent:**

The Debentures are not backed by any corporate guarantee. Volkswagen Financial Services AG (VWFS AG) provides a Letter of Comfort to the holders of unguaranteed bonds issued by Volkswagen Finance Private Limited (Annual Report 2016 of VWFS AG – Section 71 ‘Letter of Comfort for our affiliated companies’ page 149). The information on detailed payment structure (procedure of invocation of Letter of Comfort and receipt of payment by the investors along with timelines) is not available in the above Annual Report.

**Statement on existing charges on debt contracted and permission to deal with assets charged**

The Company has no assets charged in favour of any lender, banks, financial institutions, security trustee, Debenture Trustee except to the extent of assets charged to secure the outstanding Secured, Redeemable, Non Convertible Debentures issued on private placement basis upto an amount of Rs. 4,000 crore. In the loan facility agreements with few banks, the Company has undertaken not to charge, pledge or mortgage any assets in favour of any lenders without the written consent of these banks. The Company has obtained written consent of these few banks to mortgage its immovable property and/or hypothecation of receivables in favour of the Debenture Trustee for the Secured, Redeemable Non Convertible Debenture program of the Company up to an amount of Rs. 4,000 crore.

**Listing**

The NCDs to be issued in terms of this Document are proposed to be listed on the WDM Segment of the BSE. The Company shall comply with the requirements of the Listing Agreement to the extent applicable to it on a continuous basis.

Application shall be submitted to the BSE to list the Debentures to be privately placed through Disclosure Document and to seek permission to deal in such Debentures. The Company shall comply with the requirements of the Listing Agreement to the extent applicable to it on a continuous basis. The Company shall complete all the formalities relating to listing of the Debentures and forward the listing application to the BSE within 15 days from the deemed date of allotment of each issue and in the event of delay in

listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of 1% pa over coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of debentures.

With Reference to the Notification bearing No. RBI/2011-12/423 A.P. (DIR Series) Circular No. 89 dated March 1, 2012 issued by Reserve Bank of India, Foreign Exchange Department, Central Office, Mumbai – 400 001 in respect of Foreign Institutional Investor (FII) investment in the ‘to be listed’ debt securities, the Company confirms that the debentures would be listed within 15 days from the deemed date of allotment. In case the debentures issued to the SEBI registered FIIs / sub-accounts of FIIs are not listed within 15 days from the deemed date of allotment, for any reason, then the Company would immediately redeem or buyback the debentures from the FIIs / sub-account of the FIIs.

### **Debenture Redemption Reserve (DRR)**

As per Rule 18 Sub Rule (7) (b) (ii) of The Companies (Share Capital and Debentures) Rules, 2014, for NBFCs registered with RBI under Section 45-IA of the RBI (Amendment ) Act 1997, no Debenture Redemption Reserve is required in case of privately placed debentures.

### **Issue/ Instrument specific regulations**

The Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 dated June 6, 2008, as amended from time to time, is applicable to the Issue of Debentures and the Issuer is in compliance with the same.

### **Monitoring of Utilization of Funds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

### **Any material event/ development or change having implications on the financials/credit quality**

- i. Please see Clause 23 under ‘Risk Factors’ for reputational risks on account of developments with regard Volkswagen Group in international markets.
- ii. Service tax matter in respect of which assessment pending is Rs. 503,356,702 (Previous year Rs. 296,307,758) and the amount paid under protest Rs. 249,580,533 (Previous year Rs, 223,273,826). This is being disputed by the Company and not provided for.

There are no other material events / developments or changes at the time of the Issue other than those mentioned in this Document or subsequent to the issue which may affect the issue or the investor’s decision to invest / continue to invest in the debt securities

**(VIII) DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS  
(DETAILS OF BORROWINGS OF THE COMPANY AS ON JUNE 30, 2017)**

**A. Details of Secured Loans based on the provisional financial statement as on June 30, 2017**

NIL

**B. Details of Unsecured Loan Facilities based on the provisional financial statement as on June 30, 2017**

*(Rs. In Lakh)*

| <b>Lenders Name</b>                                | <b>Type of facility</b>  | <b>Amount Sanctioned</b> | <b>Principal Outstanding</b> | <b>Repayment date</b>     |
|--|--|--------------------------|------------------------------|---------------------------|
| Bank of Tokyo Mitsubishi                           | Working Capital Facility / Overdraft Facility                      | 20,000                   | NIL                          | NA                        |
| JP Morgan Chase                                    | Working Capital Facility   | 50,000                   | NIL                          | NA                        |
| JP Morgan Chase                                    | Overdraft Facility   |                          | 2.65                         | NA                        |
| BNP Paribas  | Working Capital Facility   | 16,900                   | NIL                          | NA                        |
| BNP Paribas  | Overdraft Facility   |                          | NIL                          | NA                        |
| Bank of America Merrill Lynch                      | Working Capital Facility / Overdraft facility                      | 30,700                   | NIL                          | NA                        |
| Citibank/ Citicorp Finance (India) Private Limited | Working Capital Facility / Overdraft Facility/ Term Loan           | 50,000                   | 20,000.00                    | 31-May-2019 / 28-Jun-2019 |
| Standard Chartered Bank                            | Working Capital Facility / Overdraft Facility                      | 18,000                   | NIL                          | NA                        |
| Yes Bank Limited                                   | Working Capital Facility / Bank Guarantee                          | 20,000                   | NIL                          | NA                        |
| HSBC   | Working Capital Facility   | 18,500                   | NIL                          | NA                        |
| ANZ  | Working Capital Facility   | 5,000                    | NIL                          | NA                        |
| Barclays Bank                                      | Working Capital Facility / Overdraft Facility                      | 20,000                   | NIL                          | NA                        |
| Societe Generale                                   | Working Capital Facility / Term Loan Facility                      | 8,000                    | NIL                          | NA                        |
| Kotak Mahindra Bank                                | Working Capital Facility / Overdraft Facility / Term Loan Facility | 20,000                   | NIL                          | NA                        |
| Scotiabank   | Working Capital Facility / Overdraft                               | 14,400                   | NIL                          | NA                        |

|                     |                                      |                 |                  |    |
|---------------------|--------------------------------------|-----------------|------------------|----|
| DBS                 | Working Capital Facility             | 30,000          | NIL              | NA |
| State Bank of India | Working Capital Facility / Overdraft | 50,000          | NIL              | NA |
| Axis Bank           | Working Capital Facility / Overdraft | 20,000          | NIL              | NA |
| Indusind Bank       | Working Capital Facility / Overdraft | 50,000          | NIL              | NA |
| <b>Total</b>        |                                      | <b>4,41,500</b> | <b>20,002.65</b> |    |

The above borrowings are secured by an irrevocable and unconditional guarantee given by Volkswagen Financial Services AG, Germany.

### C. Details of NCDs

**As at June 30, 2017 Non-Convertible Debentures with face value aggregating Rs. 1,75,000 lakh are outstanding with maturity dates as under:-**

| Debenture Series            | Tenor (days) | Allotment Date | Maturity Date | Coupon | Amount Outstanding (in Rs Lakh) | Credit Rating | Secured / Unsecured | Security   |
|-----------------------------|--------------|----------------|---------------|--------|---------------------------------|---------------|---------------------|--|
| VWFPL NCD 'A' FY 2014-15    | 1096         | 01-12-14       | 01-12-17      | 8.85%  | 40,000                          | 'IND AAA'     | Secured             | Mortgage of specific immovable property and specific receivables of the Company arising out of loan, lease and hire purchase transactions (for details please refer to clause 24 on security / further borrowings under Section (VIII) – Offering Information). The Mortgage has been created vide Debenture Trust Deed dated October 3, 2012 and modified vide amendment to the Debenture Trust Deed dated November 10, |
| VWFPL NCD 'A' 01 FY 2015-16 | 1158         | 29-05-15       | 30-07-18      | 8.65%  | 20,000                          | 'IND AAA'     | Secured             |  |
| VWFPL NCD 'A' 02 FY 2015-16 | 1827         | 29-05-15       | 29-05-20      | 8.65%  | 20,000                          | 'IND AAA'     | Secured             |  |
| VWFPL NCD 'B' 01 FY 2015-16 | 913          | 28-12-15       | 28-06-18      | 8.63%  | 15,000                          | 'IND AAA'     | Secured             |  |
| VWFPL NCD 'B' 02 FY 2015-16 | 1096         | 28-12-15       | 28-12-18      | 8.63%  | 15,000                          | 'IND AAA'     | Secured             |  |

|                                    |      |          |          |       |                 |              |         |  |
|------------------------------------|------|----------|----------|-------|-----------------|--------------|---------|--|
|                                    |      |          |          |       |                 |              |         | 2014 executed between the Company and the Debenture Trustee with a minimum security cover of 100%.   |
| VWFPL<br>NCD A<br>01 FY<br>2016-17 | 730  | 20-09-16 | 20-09-18 | 8.40% | 20,000          | 'IND<br>AAA' | Secured | First ranking pari passu mortgage over Immovable Property of the Company created in terms of the Debenture Trust Deed dated January 8, 2016, Supplementary Agreement to the Debenture Trust Deed dated July 21, 2016 and Supplementary Agreement to the Debenture Trust Deed dated April 6, 2017; and a first and pari passu hypothecation over Movable Property of the Company created in terms of the Deed of Hypothecation dated January 22, 2016 |
| VWFPL<br>NCD A<br>02 FY<br>2016-17 | 1095 | 20-09-16 | 20-09-19 | 8.47% | 20,000          | 'IND<br>AAA' | Secured |  |
| VWFPL<br>NCD B<br>FY 2016-17       | 730  | 10-10-16 | 10-10-18 | 7.93% | 10,000          | 'IND<br>AAA' | Secured |  |
| VWFPL<br>NCD A<br>FY 2017-18       | 730  | 12-06-17 | 12-06-19 | 7.98% | 5,000           | 'IND<br>AAA' | Secured |  |
| VWFPL<br>NCD B<br>FY 2017-18       | 1103 | 12-06-17 | 19-06-20 | 8.05% | 10,000          | 'IND<br>AAA' | Secured |  |
| <b>Total</b>                       |      |          |          |       | <b>1,75,000</b> |              |         |  |

**D. List of debenture holders as on June 30, 2017 across all the debentures of the issuer**

| <b>Sr. No.</b> | <b>Name of the Holder</b>                    | <b>Holding (in Rs. lakh)</b> |
|----------------|--|------------------------------|
| 1.             | ICICI Prudential Mutual Fund                 | 56,500                       |
| 2.             | HDFC Mutual Fund                             | 54,500                       |
| 3.             | Reliance Mutual Fund                         | 17,500                       |
| 4.             | Citicorp Investment Bank (Singapore) Limited | 15,000                       |

|     |   |                 |
|-----|---|-----------------|
| 5.  | DHFL Pramerica Mutual Fund                          | 5,000           |
| 6.  | Franklin Templeton Mutual Fund                      | 5,000           |
| 7.  | National Bank For Agriculture And Rural Development | 5,000           |
| 8.  | ICICI Bank Ltd                                      | 5,000           |
| 9.  | HSBC Mutual Fund                                    | 5,000           |
| 10. | HDFC Bank Ltd                                       | 3,000           |
| 11. | Kotak Mahindra Bank                                 | 3,000           |
| 12. | Sundaram Mutual Fund                                | 500             |
|     | <b>Grand Total</b>                                  | <b>1,75,000</b> |

**E. Amount of Corporate Guarantee issued by the Issuer as on June 30, 2017**

Nil

**F. Details of Commercial Paper (CPs)**

As at June 30, 2017 Commercial Papers with face value aggregating Rs. 2,00,000 lakh are outstanding with maturity dates as under:-

| <b>Maturity Date</b> | <b>Amount Outstanding</b> |
|----------------------|---------------------------|
|                      | <b>(in Rs. Lakh)</b>      |
| 05-Jul-17            | 20,000                    |
| 28-Jul-17            | 12,500                    |
| 02-Aug-17            | 17,500                    |
| 09-Aug-17            | 2,000                     |
| 24-Aug-17            | 10,000                    |
| 09-Oct-17            | 5,000                     |
| 24-Oct-17            | 2,500                     |
| 27-Oct-17            | 15,000                    |
| 10-Nov-17            | 2,500                     |
| 17-Nov-17            | 20,000                    |
| 08-Dec-17            | 15,000                    |
| 09-Jan-18            | 5,000                     |
| 19-Jan-18            | 10,000                    |
| 23-Feb-18            | 11,000                    |
| 23-Mar-18            | 45,000                    |
| 03-May-18            | 7,000                     |
| <b>Total</b>         | <b>2,00,000</b>           |

**G. Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on June 30, 2017**

NIL

**H. Particulars of debt securities issued in the past. Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option**

There are no debt securities issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or at a discount (iii) in pursuance of an option.

However for sake of clarification, the Company has issued Commercial Papers in the past; such Commercial Papers being money market instruments issued at a discount as per RBI regulation.

**I. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years :**

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:

- i) Statutory dues: Nil
- ii) Debentures and interest thereon: No Default
- iii) Deposits and interest thereon: Not Applicable
- iv) Loan from any bank or financial institution and interest thereon: No Default

**J. General Note:**

- There are no borrowings outstanding as on June 30, 2017 other than those mentioned above.
- The Company is current on servicing existing debt securities and term loans availed from banks. There has been no default or delay in payment of interest and principal of any kind of term loans, debt securities and other financial indebtedness in the past 5 years.
- There are no material events / developments or changes having implication on the financials / credit quality as on date of Disclosure Document.

**K. Disclosures with regard to interest of directors, litigation etc.**

- a. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.

NIL

- b. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed

NIL

- c. Remuneration of directors (last three financial years);



| <b>Period</b> | <b>Total Remuneration to Directors (Rs.)</b> |
|---------------|--|
| FY 2016-17    | 6,62,26,705                                  |
| FY 2015-16    | 7,93,65,475                                  |
| FY 2014-15    | 4,77,88,524                                  |

- d. Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided:

|            |   |
|------------|---|
| FY 2016-17 | For details, please refer to pages 30-32 of the section 25 on 'Related Party Disclosure' of the audited financial statement for FY 2016-17 (annexure 5) |
| FY 2015-16 | For details, please refer to pages 30-32 of the section 25 on 'Related Party Disclosure' of the audited financial statement for FY 2015-16 (annexure 6) |
| FY 2014-15 | For details, please refer to pages 27-29 of the section 25 on 'Related Party Disclosure' of the annual report for FY 2014-15 (annexure 7)               |

- e. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark:

There were no qualifications or adverse remark by auditors in the said period.

- f. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries

Nil

- g. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company

| <b>Financial Year</b> | <b>Number of case identified as fraud</b> | <b>Principal Outstanding reported to RBI (Rs. Lakh)</b> | <b>Remarks<br/>(numbers as on March 31, 2017)</b>   |
|-----------------------|---|---|---|
| FY 2016-17            | 13 cases                                  | 977.74  | 2 cases asset has been recovered and sold with part recovery.<br><br>Write off Rs. 874.49 lakhs and Amount recovery is Rs. 72.2 lakhs |
| FY 2015-16            | 1 case                                    | 11.0  | Provisioning made for Rs. 9.66 lac and legal action is currently underway.  |
| FY 2014-15            | 2 cases                                   | 15.0  | 1 case has been recovered and sold with part recovery. Provisioning has been done for Rs. 8.8 lakh, recovered Rs. 3.9 lakh.           |

## **(IX) OFFERING INFORMATION**

### **1. Terms of the Issue**

For terms of Issue please refer Section (IV) titled ‘Issue Details / Summary Term Sheet’.

### **2. Rights of Debenture Holders**

The Debenture Holders will not be entitled to any rights and privileges of shareholders other than those available to them under statutory provisions. The Debentures issued under this Document shall not confer upon the Debenture Holders, the right to receive notice, or to attend and vote at the general meetings of shareholders or debenture holders issued other than under this Disclosure Document or of any other class of securities of the Company.

### **3. Modification of Rights**

The rights, privileges, terms and conditions attached to the relevant tranche or series of the Debentures may be varied, modified or abrogated with the consent, in writing, of Majority Debenture Holder(s) in respect of such tranche or series or of Super Majority of Debenture Holder(s) in case such right, privilege, term or condition pertains to enforcement of the Security or where it requires Super Majority approval in accordance with the Transaction Documents, provided that nothing in such consent or resolution shall be operative against the Company if the same are not accepted in writing by the Company

### **4. Minimum subscription**

Minimum subscription shall be 10 Debentures (Rs. 1,00,00,000/-).

### **5. Application Procedure**

#### **Who Can Apply**

Only the following categories of investors, **when specifically contacted**, are eligible to invest in these NCDs:

- a. Companies
- b. Scheduled Commercial Banks
- c. Co-operative Banks
- d. Financial Institutions
- e. Insurance Companies
- f. Mutual Funds
- g. Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI) registered with SEBI
- h. Provident, Gratuity, Pension and Superannuation Funds

All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this issue of NCDs.

Every application is to be accompanied by bank account details and MICR code of the bank for the purpose of availing direct credit of interest and all amounts through electronic transfer of funds or RTGS.

#### **Application by Scheduled Commercial Banks**

The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorization or Power of Attorney and (iii) specimen signatures of authorised signatories

#### **Application by Co-operative Banks**

The application must be accompanied by certified true copies of: (i) Resolution authorizing investment along with operating instructions/power of attorney; and (ii) specimen signatures of authorised signatories

#### **Applications Companies/Financial Institutions**

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/Constitution/Bye-laws (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories.

#### **Application by Mutual Funds**

(i) A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. (ii) Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. The applications must be accompanied by certified true copies of (i) SEBI Registration Certificate and Trust Deed (iii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories.

#### **Application by Insurance Companies**

The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorised signatories.

#### **Application by Provident, Gratuity, Pension and Superannuation Funds**

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories.

#### **Application by Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)**

The applications must be accompanied by certified true copies of (i) SEBI Registration Certificate. (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories.

## **DISCLAIMER:**

PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THE DISCLOSURE DOCUMENT AND THE PRICING SUPPLEMENT HAS BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASONS FOR THE SAME. THE LIST OF DOCUMENTS REQUIRED TO BE PROVIDED BY THE INVESTOR AS MENTIONED IN THIS DISCLOSURE DOCUMENT IS ONLY INDICATIVE, AND AN INVESTOR WILL BE REQUIRED TO PROVIDE ALL ADDITIONAL DOCUMENTS/AUTHORISATIONS/INFORMATION, WHICH MAY BE REQUIRED BY THE COMPANY. THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS/INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS ISSUED BY THEIR RESPECTIVE REGULATORY AUTHORITIES, AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

### **6. Applications under Power of Attorney/Relevant Authority**

In case of an application made under a Power of Attorney or resolution or authority, a certified true copy thereof along with Memorandum and Articles of Association and/or Bye laws and / or Deed of Trust must be attached to the Application Form at the time of making the application, failing which, the Company reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed application.

### **7. Market Lot**

The market lot would be one debenture.

### **8. Issue of Debentures only in Demat Form**

The Debentures shall be issued only in demat form. The Company will make necessary arrangements with NSDL and CDSL for the issue of Debentures in Dematerialized form. Investors shall hold the Debentures and deal with the same as per the provisions of Depositories Act, 1996 /rules as notified by NSDL / CDSL from time to time.

Investors should mention their Depository Participants name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Company shall take necessary steps to credit the Depository Account of the allottee (s) with the number of Debentures allotted. In case of incorrect details provided by the investors and inability of the Company to credit the depository account, the allotment of Debentures would be held in abeyance till the investors furnish the correct depository account details to the Company.

Notwithstanding the foregoing, applicant(s) have the option to seek rematerialisation of Debentures (i.e., the investors shall have the right to hold the Bonds in physical form) at any time in the future.

## 9. Mode of Subscription

During the period of the Issue, investors can subscribe to the NCDs by completing the application forms for the NCDs in the prescribed form, as enclosed in the Disclosure Document. The application form should be filled in block letters in English. Application forms must be accompanied by either a Demand Draft or Cheque or RTGS of the amount as intimated by the Arrangers/Issuer and made payable in favor of “**Volkswagen Finance Private Limited**” and should be crossed “**Account Payee only**”.

Cheque/Demand Drafts may be drawn on any Scheduled Bank, which is situated at and is a member or sub-member of the Banker’s Clearing-house located at Ahmedabad, Chennai, Delhi, Kolkata and Mumbai. Investors in other centers that do not have any bank, which is a member or sub-member of the Banker’s Clearing House located at the above mentioned centers would be required to make payments only through demand drafts payable at any one of the above-mentioned centers. Demand Draft charges in respect of such investor applications will be borne by the investor. Cash, outstation cheques, money orders, postal orders and stock invest will not be accepted. The Company assumes no responsibility for any applications / cheques / demand drafts lost in the mail.

In case the payment is made in RTGS the Funds must be credited to the Issuer’s current account, the details of which are given below:

|                     |  |
|---------------------|--|
| Name of Bank        | BNP Paribas  |
| Address of Bank     | French Bank Building, 62 Homji Street, Fort, Mumbai 400001 |
| IFSC Code           | BNPA0009009  |
| Bank Account Number | 0900911697200196   |
| Name of beneficiary | Volkswagen Finance Private Limited                         |

## 10. Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received moneys from applicants for Debentures in excess of the aggregate of the application moneys relating to the Debentures in respect of which allotments have been made, the Issuer shall repay the moneys to the extent of such excess forthwith without interest, and if such money is not repaid within eight days after the Issuer becomes liable to repay it, the Issuer and every Director of the Issuer who is an officer in default shall, on and from the expiry of the eighth day be jointly and severally liable to repay that money with interest at the rate of fifteen per cent per annum having regard to the length of the period of delay in making the repayment of such money.

## 11. Deemed Date Of Allotment

The deemed date of allotment for each series will be mentioned in the Disclosure Document or respective Pricing Supplement, if any.

## **12. Interest on the Coupon Bearing Debentures**

### **Interest rate**

1. In case of fixed rate Debentures, they shall carry interest at fixed coupon rate as per the respective Pricing Supplement from the corresponding deemed date of allotment.
2. In case of floating rate Debentures, the relevant coupon for any interest period shall be determined by the underlying benchmark, mark up/down on the same and the reset frequency as per the respective Pricing Supplement.

Interest shall be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income tax Act, 1961, or any other statutory modification or re-enactment thereof, for which a certificate will be issued by the Company.

### **Computation of interest**

Interest for each of the interest periods shall be computed on actual / actual convention on the principal outstanding on the Debentures at the coupon rate as mentioned in the Pricing Supplement.

### **Payment of interest**

Payment of interest on the Debenture(s) will be made on the due date(s) to those of the Debenture holders whose name(s) appear in the register of debenture holder(s) (or to the first holder in case of joint holders) as on the relevant Record Date fixed by the Company for this purpose and /or as per the list provided by NSDL/CDSL to the Company of the beneficiaries who hold Debentures in demat form on such Record Date, and are eligible to receive interest. Payment will be made by the Company after verifying the bank details of the Investors by way of direct credit through Electronic Clearing Service (ECS), Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) and where such facilities are not available the Company shall make payment of all such amounts by way of cheque(s)/demand draft(s)/interest warrant(s), which will be dispatched to the debenture holder(s) by registered post/ speed post/ courier or hand delivery on or before the Interest Payment Dates as specified in the relevant Pricing Supplement.

In the event of any default in the payment of interest and/or in the redemption of the Debentures on the respective due dates and all other monies payable pursuant to the Transaction Documents read with this Disclosure Document, the Company shall pay to the holder/s of the Debentures, Default Interest Rate for the default in payment of coupon, and/or principal amount till the dues are cleared.

## **13. Interest On Application Money**

Interest at the applicable coupon rate/implicit yield (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) will be paid on the application money. Such interest shall be paid from the date of realization of the cheque(s) / demand draft(s) up to but not including the deemed date of allotment. The respective interest payment instruments along with the letters of allotment/ refund orders, as the case may be, will be dispatched by registered post to the sole / first applicant, at the sole risk of the applicant.

## **14. Tax Deduction At Source (TDS)**

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS Exemption / lower rate of TDS,

relevant certificate / document must be lodged by the debenture holders at the office of registrar and transfer agent before the Record Date pertaining to the relevant Interest Payment Date. Tax exemption certificate in respect of non- deduction of tax on interest on application money, must be submitted along with the Application Form to the satisfaction of the Issuer. The prospective investor is advised to consult his tax advisor before investing in the Debentures to be issued by the Issuer.

However, Investors may note that as per Income Tax Act, 1961, tax is not required to be deducted at source on interest payable on security issued by a company, where such security is in dematerialized form and is listed on a recognized Stock Exchange in India in accordance with the Securities Contracts.

## **15. Redemption**

Unless previously redeemed or purchased and cancelled as specified below, the Debentures shall be redeemed at such price, at the expiry of the respective tenor as mentioned in the Pricing Supplement. In case the Deemed Date of Allotment is revised, then the Redemption Date will also stand revised accordingly.

## **16. Mode of Transfer**

All requests for transfer should be submitted to the respective Depository Participants prior to the Record Date for payment of interest/ principal.

Provided further that nothing in this section shall prejudice any power of the Company to register as Debenture Holder any person to whom the right to any Debenture of the Company has been transmitted by operation of law.

Transfer of Debentures would be in accordance with the rules / procedures as prescribed by NSDL / CDSL/ Depository participant.

## **17. Payment On Redemption**

- *Debentures held in physical form*

The Debenture certificate(s), duly discharged by the sole / all the joint holders (signed on the reverse of the Debenture Certificate(s)) to be surrendered for redemption on maturity should be sent by the Debenture Holder(s) by registered post with acknowledgement due or by hand delivery to the Company/ Registrar and Transfer Agent or to such persons at such addresses as may be notified by the Company from time to time, 15 days prior to the Redemption Date.

The Issuer may, at its discretion, redeem the Debentures without the requirement of surrendering of the certificates by the debenture holder(s). In case the Company decides to do so, the redemption proceeds in the manner stated below would be paid on the Redemption Date to those debenture holders whose names stand in the register of debenture holders maintained by the Company on the Record Date fixed for the purpose of redemption. Hence the transferee(s), if any, should ensure lodgement of the transfer documents with the Company/Registrar and Transfer Agent before the Record Date. In case the transfer documents are not lodged before the Record Date and the Company dispatches the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against the Company or the Registrar and Transfer Agent.

The Company shall compute the redemption amounts to be paid to each of the debenture holders



based on the relevant Pricing Supplement. shall make payment of redemption amount by way of direct credit through Electronic Clearing Service (ECS), RTGS or National Electronic Funds Transfer (NEFT) and where such facilities are not available, the Company shall make payment of all such amounts by way of cheque/demand draft(s) to the first/sole debenture holder. Direct credit or dispatch of Cheques/Pay Order etc. in respect of such payment will be made on the Redemption Date or within a period of 30 days from the date of receipt of the duly discharged debenture certificate, whichever is later. The Company's liability to the Debenture Holder(s) towards all rights including payment or otherwise shall stand extinguished on and from the due date of redemption in all events and on the Company dispatching the redemption amount to the debenture holder(s). The Company will not be liable to pay any interest, income or compensation of any kind from the Redemption Date. In case of any delay in surrendering the Debenture Certificate(s) for redemption, the Company will not be liable to pay any interest, income or compensation of any kind for the late redemption due to such delay. Also, in case the redemption falls on a holiday, the payment will be made on the previous working day, with interest at Coupon Rate for such reduced period.

- *Debentures held in Demat Form*

In case of the Debentures held in demat form, no action is required on the part of the debenture holder(s) at the time of redemption of the Debentures and on the Redemption Date, the redemption proceeds would be paid to those debenture holder(s) whose name(s) appear on the list of beneficial owners given by the Depositories to the Company. The name(s) would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The Company shall compute the redemption amounts to be paid to each of the debenture holders based on the relevant Pricing Supplement.

The redemption proceeds shall be directly credited through Electronic Clearing Service (ECS), RTGS or National Electronic Funds Transfer (NEFT) and where such facilities are not available the Company shall make payment of all such amounts by way of cheque/ demand draft. The cheque/demand draft for redemption proceeds, will be dispatched by courier or hand delivery or registered post at the address provided in the Application / at the address as notified by the debenture holder(s) or at the address with Depositories' record. Once the redemption proceeds have been credited to the account of the debenture holder(s) or the cheque/demand draft for redemption proceeds is dispatched to the debenture holder(s) at the addresses provided or available from the Depositories record, the Company's liability to redeem the Debentures on the date of redemption shall stand extinguished and the Company will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the Debenture(s).

## **18. Effect of Holidays**

Should any of the coupon payment dates except last coupon payment date of the debt securities defined above or elsewhere in this Disclosure Document or in the respective pricing supplement (if any), fall on a Sunday or a holiday the coupon payment shall be made on the next working day. If the maturity date of the debt securities, fall on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. The last coupon payment will made with principal redemption and business day convention will be that of principal repayment i.e. paid on the previous working day.

## **19. Issue of Duplicate Debenture Certificate(s)**

If any Debenture certificate(s) is / are mutilated or defaced or the pages for recording transfers of Debentures are fully utilised, the same may be replaced by the Company against the surrender of such certificate(s) and upon payment by the claimant of such costs as may be determined by the Company. Provided, where the Debenture Certificate(s) is / are mutilated or defaced, the same will be replaced as aforesaid, only if the certificate numbers, debenture holder number(s) and the distinctive numbers are legible. If any Debenture Certificate(s) is / are destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity / security and / or documents as the Company may deem adequate, duplicate Debenture Certificate(s) shall be issued subject to the charge for the same being borne by the Debenture Holder.

## **20. Debenture Certificate in dematerialised mode**

The Company will make allotment of Debentures to investors in due course after verification of the application form, the accompanying documents and on realization of the application money. The allotted Debentures at the first instance will be credited in dematerialised form within two days of the date of allotment.

## **21. Right to accept or reject applications**

The Company is entitled at its sole and absolute discretion to accept or reject an application, in part or in full, without assigning any reason thereof. Application forms, which are not complete in all respects, shall be liable to be rejected. Any application, which has been rejected, would be intimated by the Company along with the refund warrant / cheques.

## **22. Record Date**

Record Dates for each interest payment/principal repayment or any other event is 15 calendar days prior to the interest payment dates / principal repayment dates as mentioned in the respective Pricing Supplements, if any. If record date is non-business day, then previous business day will be considered.

## **23. Right of the Company to purchase & re-issue Debentures**

The Company will have the power exercisable at its absolute discretion from time to time to purchase some or all of the Debentures held by the Debenture Holder at any time prior to the specified date(s) of redemption. Such buy- back of Debentures may be at par or at premium/discount to the par value at the sole discretion of the Company. In the event of the Debentures being so purchased and/or redeemed before maturity in any circumstances whatsoever, the Company shall have the right to re-issue the Debentures if permissible under and subject to the provisions of the Companies Act, 2013, Rules and Regulations thereunder and other Applicable Law as may be amended from time to time.

## **24. Further Borrowings**

So long as the Asset Cover Ratio is maintained at or above the Minimum Security Cover and no Event of Default has occurred and is continuing, the Company shall be entitled to create further non-exclusive, first / second pari-passu or subservient mortgage and/or charge or other encumbrance on the Immovable Property or Movable Property in favour of other lenders/ debenture holders/ other instrument holders/ trustees/ any other Person, as and by way of security for any further Financial Indebtedness (including in the form of debentures) incurred by the Company or any of its affiliates (including borrowings raised by issue of any other debentures), and the Company shall not be required to obtain any consent/approval from the Debenture Holders or the Debenture Trustee for the

purposes of creating such mortgage and/or charge, subject to the conditions/ deletions under the Debenture Trust Deed and Deed of Hypothecation.

In the event the Company exercises at any times or times the right hereby given to create a further charge or encumbrance, the Company shall be entitled to call upon the Debenture Trustee to join with the Company in executing such documents / writings as may be required or deemed necessary by the Company. Further, notwithstanding anything to the contrary contained in the Debenture Trust Deed or any of the Transaction Documents, so long as the required Asset Cover Ratio is maintained at or above the minimum Security Cover, the Company shall have all the rights to deal with the Security in the normal course of business including, inter alia, the right to securitize the Movable Properties (as defined in the Deed of Hypothecation), including by way of direct assignment subject to the condition that the Company shall furnish certificate from independent chartered accountant/statutory auditor certifying the maintenance of Asset Cover Ratio before making any further dealing, charge or encumbrance towards further issue of debentures or any other instruments to the public and/or private, and/or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and /or any other person(s) on the security or assets subject to the conditions/ deletions under the Debenture Trust Deed and Deed of Hypothecation .

## **25. Events of Default and Cure Period**

The events of default have been mentioned in detail in the Debenture Trust Deed executed with the Debenture Trustee. On the happening of one or more of the events specified in Clause 14 of the Debenture Trust Deed, the Debenture Trustee shall forthwith by a notice in writing (“**Cure Notice**”) to the Company call upon the Company to cure the Default within defined period (“**Cure Period**”) from the date of Cure Notice and the Debenture Trustee shall keep and each Lender/investor informed in writing about the Default and sending Cure Notice to the Company. If within the Cure Period, the Company fails to cure the Default to the satisfaction of the Debenture Trustee, it shall be deemed to be an “**Event of Default**”.

## **26. Fictitious Applications**

As a matter of abundant caution and although not applicable in the case of Debentures, attention of applicants is specially drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013: Any person who -

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.

## **27. Notices**

The notices to the Debenture Holders required to be given by the Company or the Debenture Trustee shall be deemed to have been given if sent by ordinary post to the sole/first allottee or sole/first registered holder of the Debentures, as the case may be. All notices to be given by Debenture Holders shall be sent by registered post or by hand delivery to the Company at its Administrative Office.

## **28. Succession**

In the event of demise of the Debenture Holder, the Company will recognize the executor or administrator of the deceased Debenture Holder, or the holder of succession certificate or other legal representative as having title to the Debentures. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate or other legal representative as having

title to the Debentures, unless such executor or administrator obtains probate or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a competent Court in India having jurisdiction over the matter. The Directors of the Company may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the deceased Debenture Holder on production of sufficient documentary proof or indemnity.

## **29. Allotment Basis**

Acceptance of the offer to invest and the allotment shall be decided by the Company in consultation with the Arrangers, if any. The Company reserves the right to reject in full or part any or all of the offers received by them to invest in the Debentures without assigning any reason for such rejection. Acceptance of the offer shall be subject to completion of subscription formalities as detailed in the application form.

## **30. Debenture Trustee**

Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) has been appointed to act as the Debenture Trustee for the Debenture Holders. All remedies of the Debenture Holder(s) for the amounts due on the Debentures will be vested with the Debenture Trustee on behalf of the Debenture Holder(s).

The Debenture Holders shall without any further act or deed be deemed to have irrevocably given their consent to and authorized the Debenture Trustee or any of their Agents or authorized officials to do, inter alia, acts, deeds and things necessary in respect of or relating to the creation of security in terms of this Disclosure Document.

## **31. Register of Debenture Holders**

The Company shall maintain a Register of Debenture Holders in electronic form containing necessary particulars at its Registered Office / Corporate Office / Registrar & Share Transfer Agent's office.

## **32. Tax Benefits**

There are no specific tax benefits attached to the Debentures. Investors are advised to consider the tax implications of their respective investment in the Debentures and consult their tax advisors in this regard.

## **33. Undertaking By the Company**

1. The Company hereby undertakes that it shall use a common form of transfer for all Debentures issued by it.
2. The necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc and the same would be uploaded on the website of the Designated Stock exchange, where the debt securities have been listed, within five working days of execution of the same

**(X) TABLE INDICATING REFERENCES OF DISCLOSURES  
REQUIREMENTS UNDER FORM PAS-4**

| <b>Sr. No.</b> | <b>Particulars</b>   | <b>Page No.</b> |
|----------------|--|-----------------|
| <b>1.</b>      | <b>GENERAL INFORMATION</b>   |                 |
| a.             | Name, address, website and other contact details of the company indicating both registered office and corporate office;  | 1, 30           |
| b.             | Date of incorporation of the company;  | 1, 30           |
| c.             | Business carried on by the company and its subsidiaries with the details of branches or units, if any;   | 32              |
| d.             | Brief particulars of the management of the company;  | 32, 39 – 42     |
| e.             | Names, addresses, DIN and occupations of the directors;  | 39 – 42         |
| f.             | Management's perception of risk factors;   | 13 – 21         |
| g.             | Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –<br>i. statutory dues;<br>ii. debentures and interest thereon;<br>iii. deposits and interest thereon;<br>iv. Loan from any bank or financial institution and interest thereon.   | 49              |
| h.             | Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process;   | 1, 30           |
| <b>2.</b>      | <b>PARTICULARS OF THE OFFER</b>  |                 |
| a.             | Date of passing of board resolution;   | 22              |
| b.             | Date of passing of resolution in the general meeting , authorizing the offer of securities;  | 22              |
| c.             | Kinds of securities offered (i.e. whether share or debenture) and class of security;   | 22              |
| d.             | Price at which the security is being offered including the premium, if any, along with justification of the price;   | 22 – 24         |
| e.             | name and address of the valuer who performed valuation of the security offered;  | 25              |
| f.             | Amount which the company intends to raise by way of securities;  | 22 - 24         |
| g.             | Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment;  | 22 – 24         |
| h.             | Proposed time schedule for which the offer letter is valid   | 24              |
| i.             | Purposes and objects of the offer;   | 23              |
| j.             | Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects;  | 23              |
| k.             | Principle terms of assets charged as security, if applicable;  | 25              |
| <b>3.</b>      | <b>DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.</b>   |                 |
| a.             | Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interest of other persons.   | 49              |
| b.             | Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed | 49              |
| c.             | Remuneration of directors (during the current year and last three financial years);  | 50              |

|           |  |         |
|-----------|--|---------|
| d.        | Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided   | 50      |
| e.        | Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark   | 50      |
| f.        | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries  | 50      |
| g.        | Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company   | 51      |
| <b>4.</b> | <b>FINANCIAL POSITION OF THE COMPANY</b>   |         |
| a.        | The capital structure of the company in the following manner in a tabular form-  |         |
| (i)(a)    | The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);  | 36      |
| (b)       | Size of the present offer;   | NA      |
| (c)       | Paid up capital  | 36      |
| (A)       | After the offer  | 36      |
| (B)       | After conversion of convertible instruments (if applicable)  | NA      |
| (d)       | Share premium account (before and after the offer)   | NA      |
| (ii)      | The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration<br><br>Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case; | 36 – 38 |
| b.        | Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;  | 33      |
| c.        | Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)  | 33      |
| d.        | A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter;   | 33 – 35 |
| e.        | Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;   | 33 – 35 |
| f.        | Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.   | 35      |

## **(XI) ANNEXURES**

The Annexures forming part of this Disclosure Document are as under:-

|   |              |
|---|--------------|
| Copy of the credit rating letter dated August 31, 2017 from India Ratings and Research Private Limited assigning the credit rating to the Secured Redeemable Non Convertible Issue of the Company.    | Annexure - 1 |
| Copy of the press release dated July 26, 2017 from India Ratings and Research Private Limited affirming the credit rating of the Company  | Annexure - 2 |
| Copy of consent letter from the Debenture Trustee   | Annexure – 3 |
| Copy of the ‘In-Principle’ approval of the BSE to list the Debentures on the Exchange.  | Annexure – 4 |
| Copy of Annual Report for the financial year ended March 31, 2017   | Annexure – 5 |
| Copy of Annual Report for the financial year ended March 31, 2016   | Annexure - 6 |
| Copy of Annual Report for the financial year ended March 31, 2015   | Annexure - 7 |
| Copy of the Declaration of Directors required under form no. PAS-4 pursuant to section 42 of the companies act, 2013 and rule 14(1) of companies (prospectus and allotment of securities) rules, 2014 | Annexure – 8 |

## (XII) APPLICATION FORM (format)

*Private and Confidential (for addressee only)*

**Volkswagen Finance Private Limited**  
**Registered Office: 3<sup>rd</sup> Floor, Wing A, Silver Utopia,**  
**Cardinal Gracious Road, Chakala, Andheri East,**  
**Mumbai - 400 099**

**Phone: (022) 3952 1000; Fax: (022) 3952 1001**

### **Application Form for Private Placement of Secured, Redeemable, Non-Convertible Debentures, (NCDs) under the Disclosure Document dated September 08, 2017**

Application No.

Date

To  
Board of Directors

Dear Sirs,

**Sub: Issue of 2,500 Secured Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs. 10,00,000 each, for cash, aggregating Rs. 250 crore on a private placement basis.**

Having read and understood the contents of the Disclosure Document dated September 08, 2017 attached, we apply for allotment to me/us of the NCDs. The amount payable on application as shown below is remitted herewith. On allotment, please place my/ our name(s) on the Register of Debenture Holder(s). We bind ourselves to the terms and conditions as mentioned in the above Disclosure Document and the relevant pricing supplement, if any.

We confirm that we are not debarred from accessing the capital market or have been restrained by any regulatory authority from directly or indirectly acquiring the said securities.

We confirm that the payment made for subscription to securities is made from the bank account of the investor subscribing to the securities.

*(Please read carefully the instructions on the next page before filling up this form)*

|                                  |                |                         |
|----------------------------------|----------------|-------------------------|
| Debenture Series                 |                |                         |
| Number of debentures applied for | No. in figures | No. in words            |
|                                  |                |                         |
| Amount (Rs.) in figures          |                |                         |
| Amount (Rs.) in words            |                |                         |
| Cheque / Demand Draft No.        | Date           | Cheque / Draft drawn on |
|                                  |                |                         |



**Applicant's name and address in full (in capital letters)**

|      |      |          |
|------|------|----------|
|      |      |          |
|      |      |          |
|      |      |          |
|      |      | Pin Code |
| Tel: | Fax: | Email:   |

**Status**

☐ Companies                                      ☐ Mutual Funds                                      ☐ Financial Institutions  
☐ Insurance Companies                                      ☐ Banks                                      ☐ FIIs / FPIs

**Details of Bank Account**

|                         |             |
|-------------------------|-------------|
| Bank Name and Branch    |             |
| Nature of Account       | Account No. |
| Branch RTGS code (IFSC) |             |

**Depository Details**

|         |           |
|---------|-----------|
| DP Name |           |
| DP ID   | Client ID |

We understand that in case of allotment of debentures to us/our Beneficiary Account as mentioned above would be credited to the extent of debentures allotted.

**Tax Details**

PAN / GIR No.  
Circle / Ward / District

|                             |                                       |   |                             |
|-----------------------------|---------------------------------------|---|-----------------------------|
| <b>Tax Deduction Status</b> | <input type="checkbox"/> Fully Exempt | <input type="checkbox"/> Tax to be deducted at source |                             |
|                             |                                       | <input type="checkbox"/> Yes                          | <input type="checkbox"/> NO |

Copies of tax exemption certificate / PAN Card / Declarations attached

---

| Name of authorized signatory | Designation | Signature |
|------------------------------|-------------|-----------|
|                              |             |           |
|                              |             |           |
|                              |             |           |
|                              |             |           |

------(Tear here)-----

**Volkswagen Finance Private Limited**  
**Registered Office: 3<sup>rd</sup> Floor, Wing A, Silver Utopia,**  
**Cardinal Gracious Road, Chakala, Andheri East,**  
**Mumbai - 400 099**  
**Phone: (022) 3952 1000; Fax: (022) 3952 1001**

**ACKNOWLEDGEMENT SLIP**

Application No. : \_\_\_\_\_ Date: \_\_\_\_\_

Received

from \_\_\_\_\_

Rs. \_\_\_\_\_ /- by Cheque / Demand Draft No. \_\_\_\_\_

drawn on \_\_\_\_\_ towards application for \_\_\_\_\_

Debentures.

(Cheques / Demand Drafts are subject to realization)

**INSTRUCTIONS**



1. Application Form must be completed in full in **BLOCK LETTERS IN ENGLISH**. A blank space must be left between two or more parts of the name. Signatures should be made in English or in any of the Indian languages. Signature in a language other than English must be attested by an authorized official of a Bank or by a magistrate / notary public under his / her official seal.
2. The full amount of Debenture has to be paid along with the application form.
3. Application form duly completed in all respects, together with Cheque / Demand Draft / Pay Order drawn in favour of **Volkswagen Finance Private Limited** and crossed "**A/c Payee only**" must be **submitted to the Administrative Office** of the Company on or before the closing date of the issue. The payment may also be made by RTGS to the designated bank account of the Company as mentioned in the Disclosure Document.
4. Applications made by categories of investors other than individuals must be accompanied by certified copies of Memorandum and Articles of Association, Board Resolution / Power of Attorney for investment, authority to authorized signatories in case of limited companies or corporate bodies. For further information, please refer to Clause 5 of the Section VIII – Offering Information of the Disclosure Document.
5. Please mention your Permanent Account Number or the GIR number allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in space provided.
6. The application would be accepted as per the terms of the issue outlined in the Disclosure Document.

### (XIII) DECLARATION

We are authorized by the Board of Directors of the Company vide resolution dated July 20, 2017 to sign this form and declare that all the requirements of the Companies Act, 2013 and rules made thereunder or such other corresponding provisions of the Companies Act, 1956 to the extent effective (including any statutory modification(s) or re-enactment thereof for the time being in force) in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

**Signed by:**

| Name, Designation   | Signature  |
|---|--|
| Kaushal Mithani, Head of Treasury                                 |    |
| Maheen Lampwala, Head of Accounts, Procurement and Administration |  |

**Date: September 08, 2017**

**Place: Mumbai**