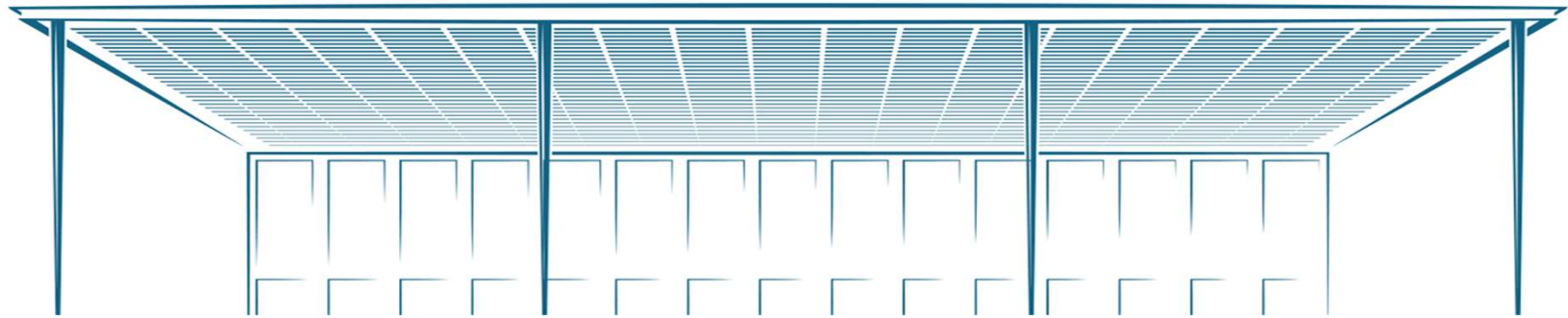


**VOLKSWAGEN FINANCE**  
PRIVATE LIMITED

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## **Investor Update**

**September 2020**

## Company History

- Incorporated in January 2009
- Wholly owned subsidiary (directly and indirectly) of Volkswagen AG
- Commenced activities as Corporate Agent of Bajaj Allianz General Insurance Company Limited in March 2009 to distribute insurance products to retail customers of Volkswagen Group Brands
- Captive NBFC – Financing Retail customers and dealers of Volkswagen Group Brands
- Non-Deposit taking NBFC registered with the Reserve Bank of India. Obtained NBFC license in March 2011
- Commenced Retail Financing business from March 2011
- Commenced Wholesale (Dealer Funding) Financing business from January 2012
- Added insurance partners Reliance General Insurance Company Limited and United India Insurance Company Ltd in 2017

## Brand Coverage in India



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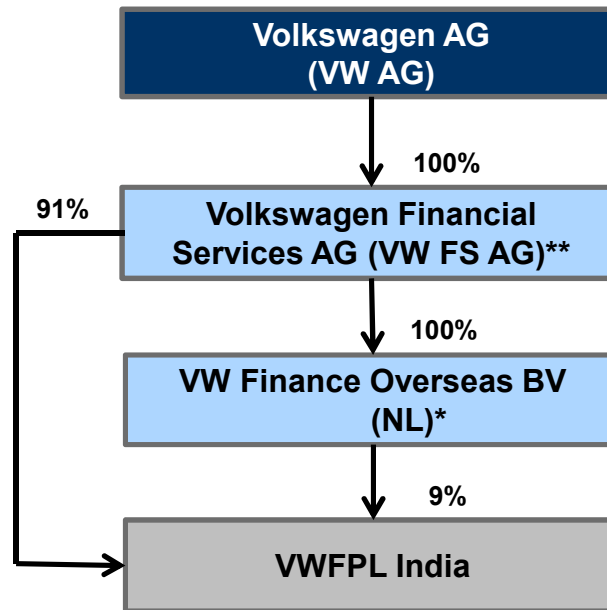
ŠKODA



PORSCHE



## Share Holding Structure



\*100% shares held by Volkswagen Financial Services A.G.

\*\*Volkswagen AG is listed on Frankfurt Stock Exchange. For further information please refer the link as below

<https://www.volkswagenag.com/en/InvestorRelations/shares/shareholder-structure.html>

Volkswagen Finance Private Limited | Investor Update | September 2020

## Creating Value

Our business model interfaces Customers, Automotive Brands and Dealers



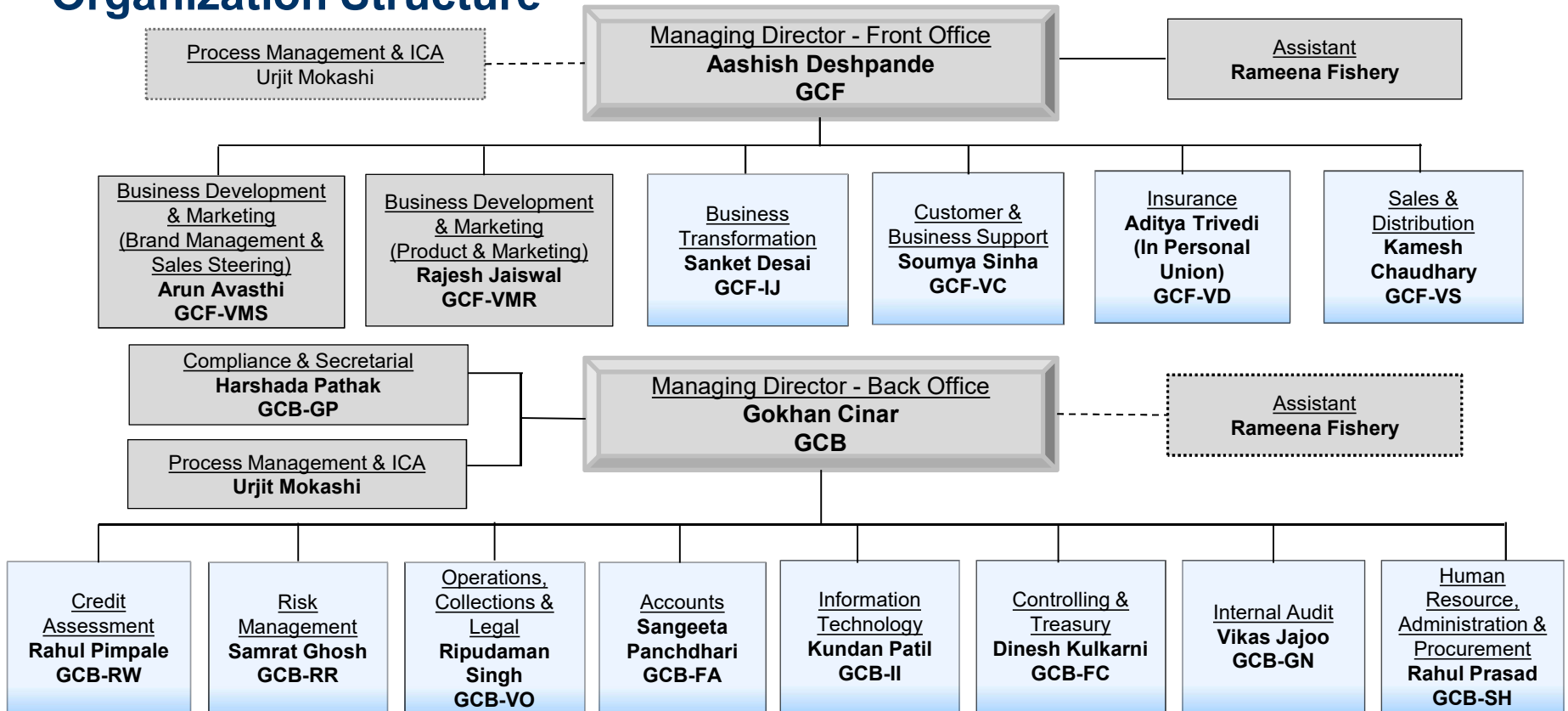


## **Closely Integrated with Parent and Strong Parental Support**

## Strong Parental Support

- 100% Equity Ownership by VW Financial Services AG
- Equity infusion commitment of parent to secure Volkswagen Finance Pvt Ltd (VWFPL) adherence to regulations set by RBI
- Executive Board members\ Key Management staff from the parent
- Formulation, implementation and execution of business policy approved by the parent
- Letter of Comfort / Letter of Support / Letter of Awareness from Volkswagen Financial Services AG (Annual Report 2019)
- Unconditional and irrevocable guarantee to VWFPL's banking facilities

## Organization Structure



Note : Information is updated as on October 2020. In Personal Union means temporary in charges of Insurance Department.  
Volkswagen Finance Private Limited | Investor Update | September 2020



## Board of Directors - Profile

### Mr. Ashish Deshpande

Managing Director Front Office & CEO

- More than 2 decades of experience in Marketing, Sales and Business Development operations
- Aged 45 years graduated in Mechanical Engineering and Masters in Business Administration (Marketing Management) from University of Pune, India

### Mr. Gokhan Cinar

Managing Director Back Office & CFO

- More than 15 years of experience in Finance and Auditing
- Aged 43 years graduated in Economics and Post graduate in International Finance

### Mr. Norbert Dorn

Non- Executive Director

- Over 25 years of experience in controlling and sales within Volkswagen Group
- Aged 63 years and has completed Diploma Master of Economics

### Ms. Rupa Vora

Non Executive Independent Director

- 30 years of experience in Finance of which more than 11 years with IDFC Group and 10 years in Banking
- Aged 59 years holding a Chartered Accountancy degree

### Mr. Jambunathan Subramanian

Non Executive Independent Director

- 26 years of experience in banking and financial Services, 18 of which have been in leadership positions.
- Aged 50 years, Bachelor of Engineering (Electronica and Communication) from Gulbarga University and Post Graduate Diploma in Management from Indian Institute of Management, Bangalore

Note : Information is updated as on October 2020.

Volkswagen Finance Private Limited | Investor Update | September 2020

## Volkswagen Finance vs. Banks

### Volkswagen Finance

- ✓ Focus: Customer loyalty for Brand
- ✓ “One-Stop-Shop” philosophy
- ✓ Brand experience VW Group
- ✓ Customer data remain within the Group
- ✓ Wide range of FS products
- ✓ Profit maker & loyalty driver for the VW Group



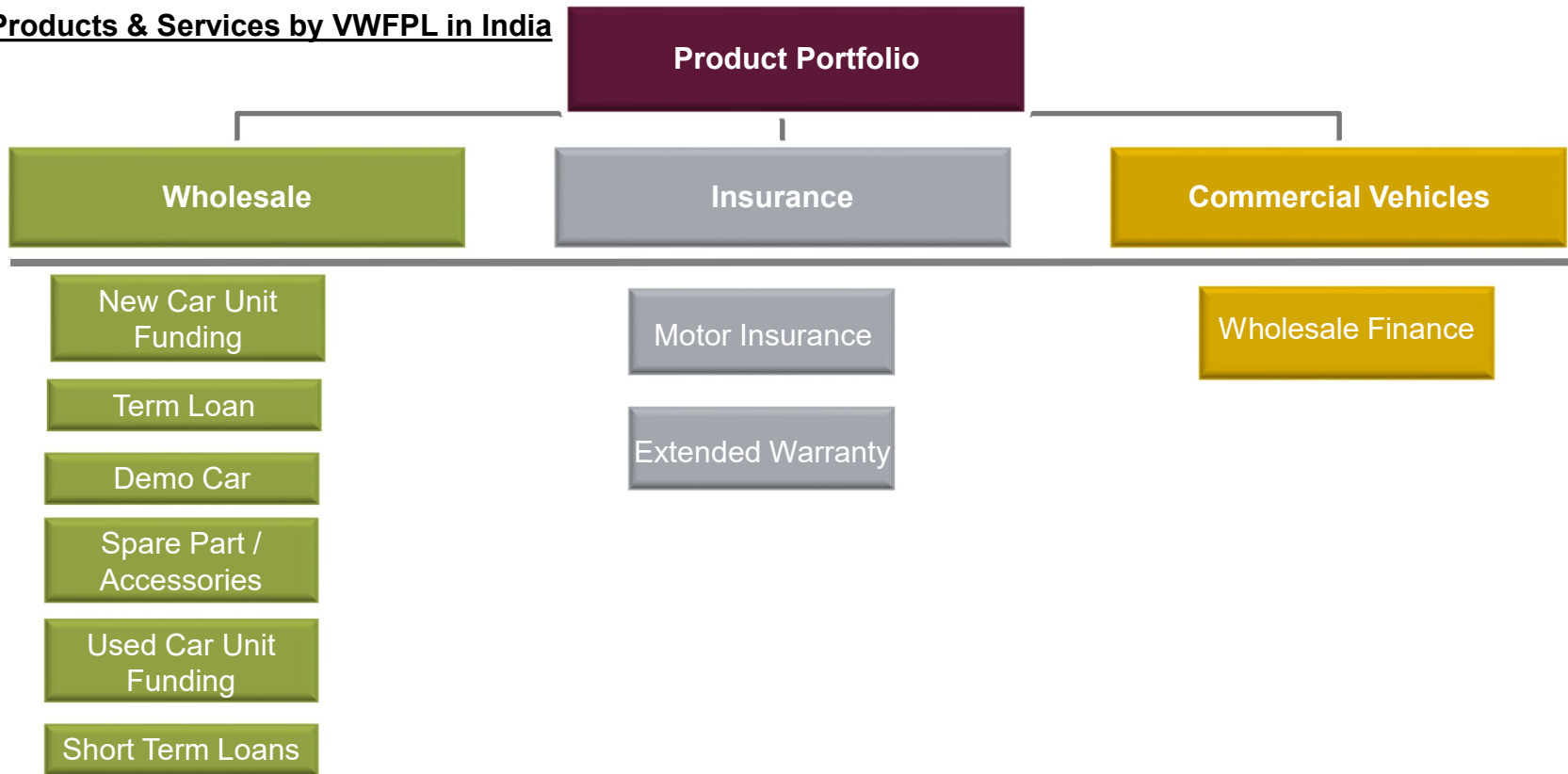
### Banks

- ✗ Focus: Customer loyalty for the bank & up-selling
- ✗ Only Loan.
- ✗ Independent financial institution
- ✗ Drain of data □ Missing CRM synergies
- ✗ Vehicle sale is the only added value for the VW Group



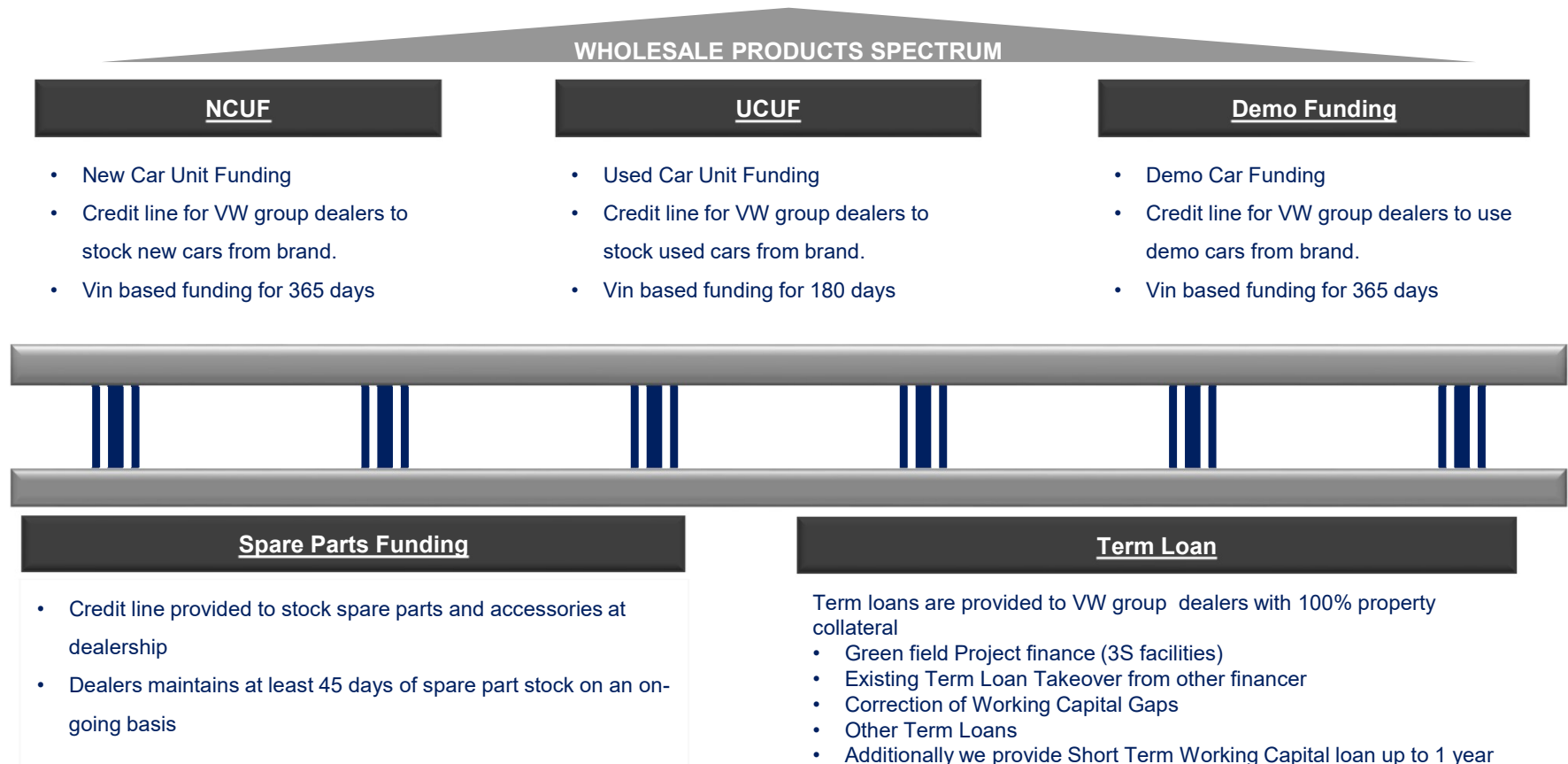
## Product Portfolio Overview

Products & Services by VWFPL in India



\* Product - Operational Lease launched on a pilot basis only for group companies in October 2016  
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## Wholesale Products



## Product Overview - Insurance

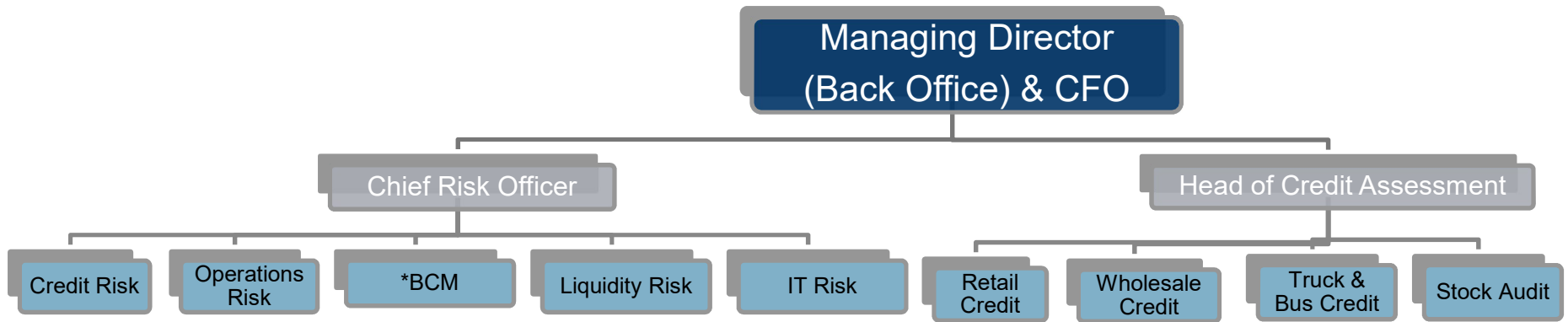
### Insurance Product

- Partner with Bajaj Allianz General Insurance Company Limited, Reliance General Insurance Company Limited and United India Insurance Company Limited.
- Offer motor insurance product to cover the risk of the group brand vehicles and provide peace of mind to customers
- Add-on product: Enhanced or value added products to support customers by protecting their liability under basic motor insurance
- Dealer package policies: Covers the risk associated to the dealer's property and stock

### Extended Warranty Product

- Fee based product
- Involves back-to-back arrangements between the customer – brand and brand – insurance company
- Product structured in cooperation with Bajaj Allianz and brands
- Extended Warranty available for 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> year since the date of car purchase and any time Warranty

## Replicating Global Strong Risk Management System



\*BCM = Business Continuity Management

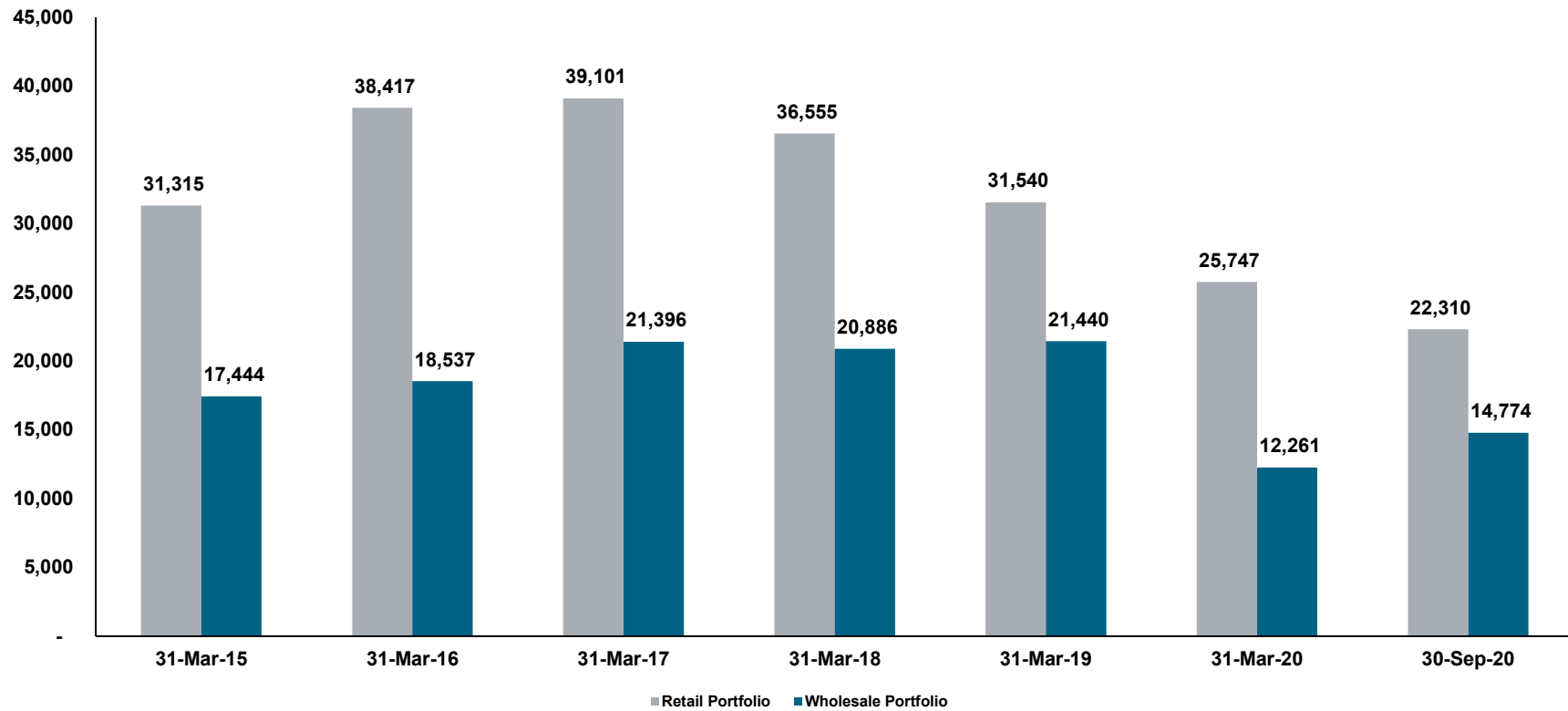
## Replicating Global Strong Risk Management System (continued)

### Identifying Key Risks:

- Counterparty Risks – Credit Risk
  - Industry Risk
  - Concentration Risk
- Market Risks
  - Interest Rate Risk
- Operational Risks
  - Business Continuity Risk
  - Fraud Risk
- Liquidity Risks
  - Funding Risk
  - Asset Liability Management



## Asset Portfolio (INR mn)





## Retail Portfolio Snapshot as on September 30, 2020

Particulars		
Active Cases (Count)	44,179*	
Retail Portfolio (INR Mn)	22,309.99	
Audi (% volume) / (% value)	9.90%	27.00%
Skoda (% volume) / (% value)	21.79%	22.42%
Volkswagen (% volume) / (% value)	61.76%	39.97%
Porsche (% volume) / (% value)	0.09%	0.77%
Lamborghini (% volume) / (% value)	0.01%	0.54%
MAN (% volume) / (% value)	0.31%	0.82%
Scania (% volume) / (% value)	0.30%	2.63%
Used Car (% volume) / (% value)	5.64%	5.48%
Ducati (% volume) / (% value)	0.12%	0.17%
Others (% volume) / (% value)	0.07%	0.19%
NPA cases (count)	2285	
90 DPD (% of retail portfolio)	6.4%	

Notes :- DPD – Days Past Due

\* excludes retail contracts pertaining to financing Demo Car and Non Dealer Corporate

### Summary of Loan To Value (LTV)

Brand	Average LTV (percent)
Audi	84.07%
VW	81.12%
Skoda	82.46%
Porsche	88.17%
Lamborghini	82.01%
MAN	91.72%
Scania	90.94%
Used Car	73.22%
Ducati	82.67%
Others	86.69%
<b>Portfolio LTV</b>	<b>82.50%</b>

### Region-wise Retail Portfolio Contribution

Region	Contribution (%)
East	3.20%
North	23.10%
South	49.70%
West	24.00%
<b>Total</b>	<b>100%</b>

**VOLKSWAGEN FINANCE**  
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## Wholesale Portfolio Snapshot as on September 30, 2020

Particulars		
Total Corporate Customer (Dealer + Non dealer) (includes non dealer – 25)	139	
Dealer Portfolio - Inventory Funding (INR mn)	6746.72	
Dealer Portfolio - Term Loan (INR mn)	2,350.69	
Dealer Portfolio - Demo Cars (INR mn)	11.51	
Non Dealer Corporate (INR mn)	5,665.39	
<b>Total Wholesale Portfolio (INR mn)</b>	<b>14,774.30</b>	
Audi (% covered) / (% value)	12.23%	15.57%
Skoda (% covered) / (% value)	18.71%	11.47%
Volkswagen (% covered) / (% value)	40.29%	24.61%
Porsche (% covered) / (% value)	4.32%	5.45%
Lamborghini (% covered) / (% value)	2.16%	3.21%
Ducati (% covered) / (% value)	1.44%	0.49%
Scania (% covered) / (% value)	16.55%	35.06%
Non Brand T&B (% covered) / (% value)	1.44%	2.01%
Others (% covered) / (% value) (incl. NBFC & TATA)	2.88%	2.13%
<b>NPA cases (#)</b> (Dealers - 17 & Non Dealers -9)	<b>25</b>	
90 DPD (% of Corporate portfolio)	19.83%	

## Product Reach/Dealership Coverage

### Retail and Truck & Bus Product Reach

Brands	Covered Dealer Principals (number)	Covered Dealer Outlets (number)
Volkswagen	56	107
Skoda	45	90
Audi	20	31
Lamborghini	3	3
Porsche	5	5
MAN	NA	NA
Scania	NA	NA
<b>Total</b>	<b>129</b>	<b>236</b>

Audi Numbers are kept same since no confirmation received from Brand

### Wholesale Product Reach

Brands	Covered Dealers Principal (number Active including NDC)
Volkswagen	52
Skoda	19
Audi	15
Lamborghini	4
Porsche	4
Scania	14
Non Brand T & B	3
Other*(Ducati & NBFC)	6
<b>Total</b>	<b>117</b>

## ALM Snapshot as on September 30, 2020

ALM Statement of Structural Liquidity		
Time Bucket	Cumulative Mismatch (INR Crs)	Mismatch %
Upto 14 days	427.07	1030.44
Upto 1 month	32.76	5.00
Upto 2 month	4.38	0.48
Upto 3 month	(247.57)	(19.63)
Upto 6 month	(194.38)	(13.19)
Upto 1 year	(137.24)	(7.26)
Upto 3 year	734.61	33.05
Upto 5 year	1239.75	55.78
Over 5 year	150	4.15

## Credit Ratings

- Rating from India Ratings & Research Private Limited (India Ratings) - wholly owned subsidiary of the Fitch Ratings
- Short term ratings from ICRA Limited - subsidiary of Moody's Investors Service

Long Term Issuer Rating	IND AAA; Outlook Stable
Short Term Issuer Rating	IND A1+
INR 32bn Long Term Bank Loan	IND AAA
INR 25bn Secured Redeemable Non-Convertible Debentures	IND AAA
INR 15bn Short Term Bank Loan	IND A1+
INR 30bn Commercial Paper Program	IND A1+ & ICRA A1+

## Key Financial Performance Metrics

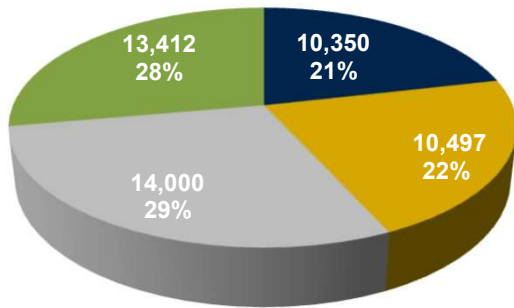
Metrics (INR mn)	H1 FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
Paid up Capital / Equity	11,688	11,688	11,688	11,688	11,688	11,688
Networth	13,384	13,167	13,412	13,662	13,139	12,589
Retail Portfolio	22,310	25,747	31,540	36,555	39,101	38,417
Wholesale Portfolio	14,774	12,261	21,440	20,886	21,396	18,537
Total Portfolio	37,084	38,008	52,980	57,441	60,497	56,954
Revenue	1,915	4,823	5,926	6,342	6,493	6,186
Expense	1,621	4,646	6,510	5,486	5,619	5,051
Profit Before Tax	294	177	-584	856	875	1,214
Tax Expense	77	422	-203	333	325	387
Profit After Tax	217	-245	-381	523	549	827
Return on Assets (%)	0.60	-0.67	-0.46	0.88	0.88	1.41

## Key Financial Performance Metrics (contd...)

Metrics (INR mn)	H1 FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
Gross NPA (%)	12.40	13.40	8.72	3.7	2.71	2.31
Net NPA (%)	4.80	6.25	3.48	1.84	1.27	1.07
NPA Provisioning Coverage (%)	64.36	56.89	62.99	51.12	53.78	54.23
Net Interest Income	936.16	2,002	2,376	2,882	2,671	2,578
Net Interest Income (%)	5.62	5.27	4.49	5.01	4.41	4.52
CRAR (%)	36.72	35.05	23.48	22.56	20.76	21.07
Debt-Equity Ratio	1.60	1.69	2.64	2.99	3.35	3.29

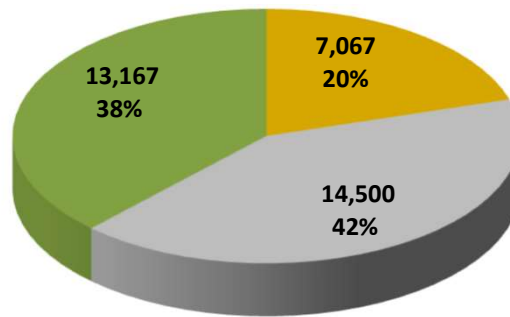
## Funding Mix (INR mn)

March 31, 2019



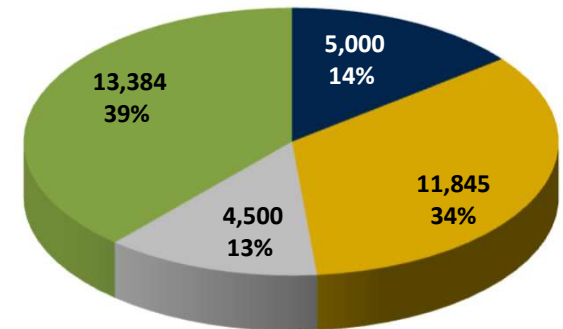
Total = INR 48,259

March 31, 2020



Total = INR 34,734

September 30, 2020



Total = INR 34,729

■ CP   ■ Bank Lines   ■ Bonds   ■ Net Worth



## Available Funding Sources as on September 30, 2020

Instrument	Sanctioned / Rated Amount (INR Mn)	Available Amount (INR Mn)
<b>Short Term Funding Sources</b>		
Credit Facilities with banks (overdraft + working capital demand loan)	43,120	24,775*
Money Market – Commercial Paper	30,000	25,000
<b>Sub Total</b>	<b>73,120</b>	<b>49,775</b>
<b>Long Term Funding Sources</b>		
Secured Non Convertible Debentures (private placement basis)	14,500	2,000
<b>Sub Total</b>	<b>14,500</b>	<b>2,000</b>
<b>Total Funding Lines</b>	<b>87,620</b>	<b>51,775</b>

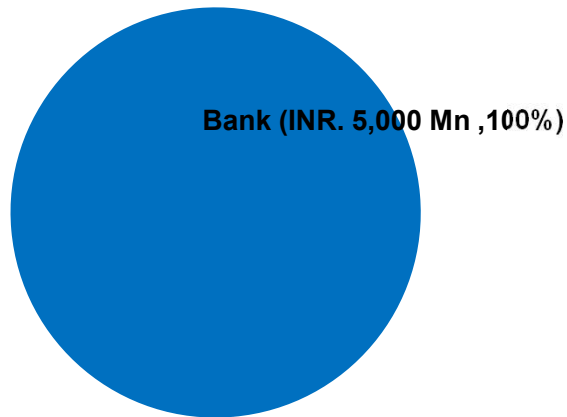
\*Net amount available after drawdown of bank loans & investment by banks in Commercial Paper / Bonds

## Capital Market Program

Investor Category Composition as on September 30, 2020

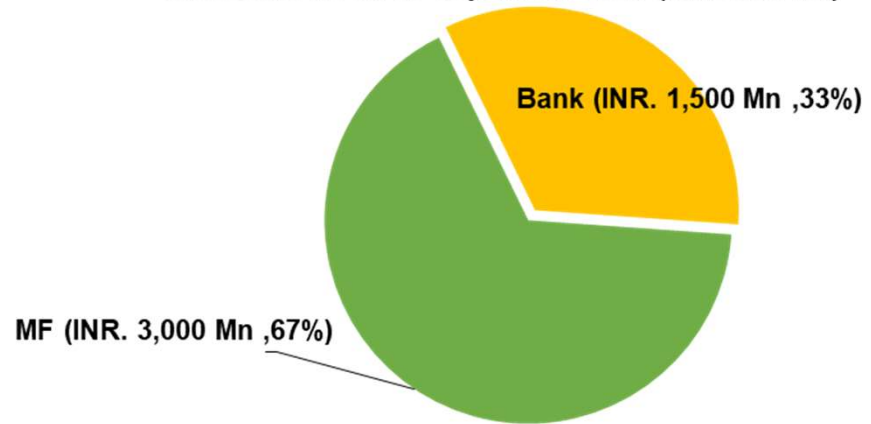
### Commercial Paper Program

O/s CP as on 30-September-2020 (INR.5000 Mn)



### Non Convertible Debentures

O/s Bonds as on 30-September-2020 (INR.4500 Mn)



### Diversified Investor Base for Capital Market Program

Mutual Funds	Banks	FPIs	Corporates	Pension Funds	Total
1	2	-	-	-	3

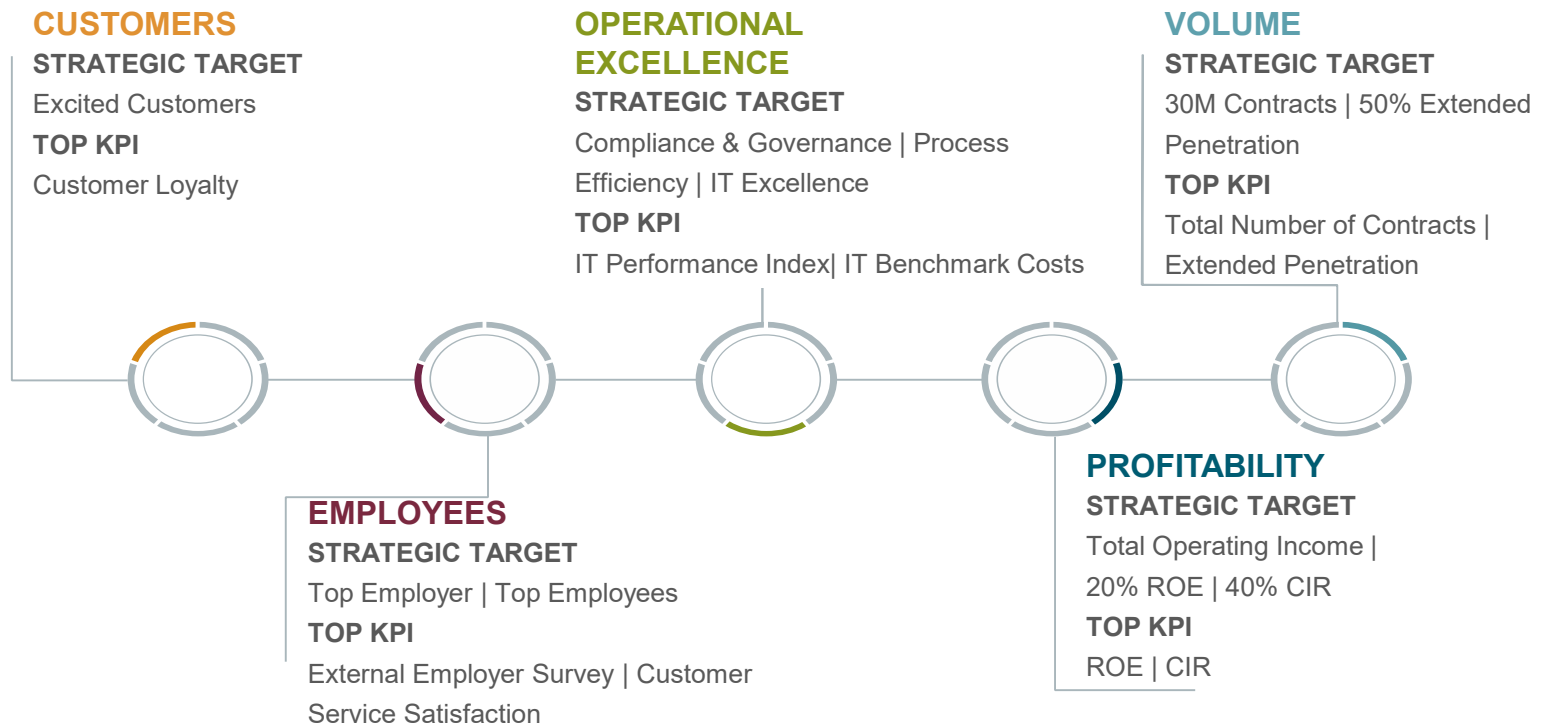
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## Bank Facilities as on September 30, 2020

Sr No	Bank	Nature of Credit Lines	Facility Amount INR mn
1	Citibank	Working Capital Facility / Overdraft Facility	5,000
2	JP Morgan Chase Bank	Working Capital Facility / Overdraft Facility	5,000
3	State Bank of India	Working Capital Facility / Overdraft	7,000
4	Bank of America Merrill Lynch	Working Capital Facility / Overdraft Facility / Term Loan Facility	4,070
5	DBS Bank Limited	Working Capital Facility	3,000
6	IndusInd Bank	Working Capital Facility / Overdraft	5,000
7	Bank of Tokyo MUFJ	Working Capital Facility / Overdraft Facility	2,000
8	Standard Chartered Bank	Working Capital Facility / Overdraft Facility	1,800
9	BNP Paribas Bank	Working Capital Facility / Overdraft Facility	1,690
10	Scotiabank	Working Capital Facility / Overdraft	1,440
11	Societe Generale	Working Capital Facility	1,350
12	ANZ Banking Group	Working Capital Facility	500
13	Credit Agricole	Working Capital Facility	1,970
14	Barclays Bank	Working Capital Facility	2,000
15	Qatar National Bank	Working Capital Facility	300
16	Mizuho Bank	Working Capital Facility	1000
<b>Total</b>			<b>43,120</b>

Note: All the above credit facilities are backed or will be backed by corporate guarantee from Volkswagen Financial Services AG.

# Strategic Dimensions, Strategic Targets and Top KPI



## Our Company Values

“What do we stand for and believe in?”



## Contact

**Dinesh Kulkarni**

**Head – Controlling & Treasury**

**Volkswagen Finance Private Limited**

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<http://www.volkswagen-finance-india.co.in>

**Thank You**