

DOCUMENT CONTAINING DISCLOSURES AS PER SCHEDULE I OF SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AND AS SUBSTITUTED BY SEBI (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012

# **Volkswagen Finance Private Limited**

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

Date of incorporation: January 16, 2009

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

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

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**ISSUE BY VOLKSWAGEN FINANCE PRIVATE LIMITED (“Company” or “Issuer”) OF 1,000 SECURED, REDEEMABLE, NON CONVERTIBLE DEBENTURES the “NCDs”) OF THE FACE VALUE OF RS. 10,00,000 EACH, AGGREGATING RS. 100 CRORES 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 borrowings up to 200 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 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**



#### **IL&FS Trust Company Limited**

ILFS Centre, Plot C-22, G-Block, 3rd Floor  
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Tel: 022-2659 3794

Fax: 022- 2653 3297

Website : [www.itclindia.com](http://www.itclindia.com)

Contact : Ms Sonal Gokhale

Email: [sonal.gokhale@ilfsindia.com](mailto:sonal.gokhale@ilfsindia.com)

SEBI Reg.No. IND000000452

**REGISTRAR AND TRANSFER AGENT**



**Sharepro Services (India) Private Limited**

13 AB, Samhita Warehousing Complex,  
Behind Sakinaka Telephone Exchange,

Kurla Andheri Road, Sakinaka,  
Mumbai - 400 072

Tel: 022-67720300, 67720400

Fax: 022-28508927

Contact : Mr. Nilesh Bhandare  
SEBI REG.No. INR000001476

**SOLE ARRANGER TO THE ISSUE**

**The Hongkong and Shanghai Banking Corporation Limited**

52 / 60 Mahatma Gandhi Road,  
Mumbai - 400 001

Tel: 022-4085 4244

Fax: 022-2262 3339

Contact : Mr. Vineet Patawari

**STATUTORY AUDITORS**

Price Waterhouse  
252, Veer Savarkar Marg,  
Shivaji Park, Dadar (West)  
Mumbai 400028

Tel: 022-66691000

Fax: 022-66547800

Contact : Mr. Vivek Prasad  
vivek.prasad@in.pwc.com

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## (I) DEFINITIONS / ABBREVIATIONS

VWFPL / Company / Issuer	Volkswagen Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 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
ALM	Asset Liability Management
Board / Board of Directors	The Board of Directors of the Issuer and any Committee thereof
BSE	BSE Limited
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited
Debentures	Secured, Redeemable, Non-Convertible Debentures of the face value of Rs.10,00,000/- each
Current Assets	Means current assets of the Company comprising of all receivables arising out of loan, lease and hire purchase transactions, all other book debts, Trade Advances and such other current assets as may be identified by the Company from time to time and accepted by the Debenture Trustee.
Debenture holder	The holders of the Debentures
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
EMI	Equated Monthly Installments
Final Redemption Date	The date as mentioned in the Term Sheet and/or respective Pricing Supplement
FY	Financial Year
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 100 crores. The Debentures will be issued for various tenors greater than 12 months
Movable Property	Means specified Current Assets of the Company, as detailed below:- All receivables arising out of loan, lease and hire purchase transactions, all other book debts, trade advances and such other current assets as may be identified by the Company from time to time and accepted by the Debenture Trustee.
MCA	Ministry of Corporate Affairs, Government of India
M/AOA	Memorandum and Articles of Association of the Company
NAV	Net Asset Value
NBFC	Non Banking Financial Company
NPA	Non Performing Assets
NSDL	National Securities Depository Limited

NSE	National Stock Exchange of India 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.
Rating Agency	India Ratings and Research Private Limited
RBI	Reserve Bank of India
Rs./ INR/ Rupees	The lawful currency of the Republic of India.
Required Security Cover	Minimum 100% security cover to be maintained throughout the tenure of the Debentures.
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, 1956 (as amended from time to time)
Trustees / Debenture Trustee	Trustees for the Debentureholders
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 the Companies Act, 1956. 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 BSE in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

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 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 prospective 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 has 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 is 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 September 30, 2013, our gross non-performing assets were Rs. 2,846.69 lakh representing 0.69% 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. 294.42 lakh towards its gross NPAs as on September 30, 2013. 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 at both global and domestic levels. 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 and are in the process of launching new products 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 match 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 extension of loan maturities and higher installments due from borrowers, which could 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 have 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; or making amendments in the Company's Memorandum and Articles of Association. 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. 36.85 lakh as at September 30, 2013**

As on September 30, 2013, the contingent liabilities of the Company are as under:

- i. Contingent liability relating to suit filed by a customer: Rs. 36.85 lakhs



**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 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. Further, our Company commenced its financing business only in March, 2011 and therefore may face competition from established banks and NBFCs in its operations and growth.

**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 public 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.**

No Debenture Redemption Reserve is being created for the issue of NCDs in pursuance of this Document since creation of Debenture Redemption Reserve is not required for the proposed issue of Debentures. The MCA has vide General Circular No.9/2002 dated April 18, 2002 clarified that NBFCs need not create a Debenture Redemption Reserve as specified under Section 117C of the Companies Act, 1956, in respect 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 for an aggregate amount of Rs. 500 crores out of which NCDs of Rs. 300 crore have already been issued and are outstanding. 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 in December 2006 and February 2007, the Company is classified as a Systemically Important Non Deposit Accepting NBFC. The Company is required to maintain a CAR 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.

**22. 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 Indian economy has been growing at over 6-7% per annum for the past 2-3 years, which has resulted in increased disbursements for the industry as a whole. However, recent trends suggest that the economy may grow at a slower pace which may have a direct impact on our disbursements and a slowdown 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.

**23. 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 Indian 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 current Government is and 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.

**24. 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.

**25. 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.

**26. 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 1,000 SECURED, REDEEMABLE, NON-CONVERTIBLE, DEBENTURES OF THE FACE VALUE OF RS. 10,00,000 EACH, FOR CASH AGGREGATING RS. 100 CRORES TO BE LISTED ON BSE LIMITED**

Volkswagen Finance Private Limited proposes to issue 1,000 Secured, Redeemable, Non-Convertible Debentures of the face value of Rs. 10,00,000/- each, aggregating Rs. 100 crores on private placement basis. The common terms of the Issue are given below:-

Security Name	To be given at the time of listing on the 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 A FY 2013-14
Eligible Investors	1. Companies 2. Scheduled Commercial Banks 3. Co-operative Banks 4. Financial Institutions 5. Insurance Companies 6. Mutual Funds 7. Foreign Institutional Investors (FII) registered with SEBI 8. Provident, Gratuity, Pension and Superannuation Funds
Listing	BSE Limited (BSE)
Additional Interest payable in case of delay in listing of debt securities	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 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.
Rating	'IND AAA' by India Ratings and Research Private Limited
Issue Size	Rs. 100,00,00,000/- (Rupees One Hundred Crores Only)
Option to retain oversubscription (Amount)	None
Objects 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 financing activities including lending, investments, to repay our existing loans and other liabilities and for our normal business

	<p>operations including but not limited to our capital expenditure, working capital requirements and 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> <p><b>Interim Use of Proceeds</b></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 or the Investment Committee from time to time.</p>
Details of utilization of the proceeds	To be provided at the time of listing to the exchange
Coupon Rate	9.85% per annum
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual and on maturity
Coupon Payment Dates	December 9, 2014 and June 9, 2015
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor, etc)	None
Computation of Coupon	Actual / Actual
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
Default Interest Rate	18% pa
Tenor	18 Months (547 days) from the Deemed Date of Allotment
Redemption Date	June 9, 2015
Redemption Amount per NCD	Rs. 10,00,000/- (Rupees Ten Lakhs Only)
Redemption Premium / Discount	None
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakhs Only)
Discount at which security is issued and the effective yield as a result of such discount	None
Put option Date	None
Put option Price	None

Call option Date	None
Call option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value per NCD	Rs. 10,00,000/- (Rupees Ten Lakhs Only)
Minimum Application	3 Debentures (Rs. 30,00,000/-) & in multiples of 1 Debenture (Rs. 10,00,000/-) thereafter
Issue Timing 1. Issue Opening Date 2. Issue Closing Date 3. Pay-in Date 4. Deemed Date of Allotment	December 9, 2013 December 9, 2013 December 9, 2013 December 9, 2013
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 Address of Bank – 62 Homji Street, Fort, Mumbai 400 001 IFSC Code – BNPA0009009 Account No. - 0900911412300132 Name of beneficiary – Volkswagen Finance Private Limited
Depository(ies)	National Securities Depository Limited & Central Depository Services (India) Limited
Business Day Convention	If any payment is to be made on a day which is not a business day, the said payment shall be made on the immediately succeeding Business Day
Record Date	15 days prior to each Coupon Payment / Put Option Date / Call Option Date / Redemption Date
Security	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 executed between the Company and the Debenture Trustee with a minimum security cover of 100%.
Transaction Documents	1. Debenture Trust Deed 2. Security Documents 3. This Disclosure Document 4. Supplemental Deed(s); and 5. any other document that may be designated as a transaction document by the Debenture Trustee
Conditions Precedent to Disbursement	As is customary for a transaction of this nature, including but not limited to the following: a) relevant board resolution b) submission of constitutional documents to the applicants c) submission of Disclosure Document to the

	<p>applicants  submission of 'in-principle' listing approval to the applicants  e) submission of consent letter from debenture trustee to the applicants  f) submission of rating letter and rating rationale to the applicants</p>
Conditions Subsequent to Disbursement	<p>As is customary for a transaction of this nature, including but not limited to the following:  a) allotment of debentures and credit of debentures units in investor's demat account  b) completion of listing of debentures on the stock exchange</p>
Events of Default	As mentioned under Clause 12 of the Debenture Trust Deed
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 debentureholders 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, 1956, 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	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 in the city of Mumbai.

## **(V) REGULATORY DISCLOSURE**

### **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 including but not limited to Audi, Skoda, Volkswagen, Lamborghini and Porsche. Besides, the Company also provides stock financing, term financing, spare parts financing to the dealers of Volkswagen Group Brands.

The Company also acts as a Corporate Agent of Bajaj Allianz General Insurance Company Limited.

### **Volkswagen Finance Private Limited**

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

### **Registered Office**

Silver Utopia, 3rd floor, Wing A  
Cardinal Gracious Road,  
Chakala, Andheri East  
Mumbai 400 099  
Phone: (022) 3952 1000; Fax: (022) 3952 1001

### **Administrative Office**

Silver Utopia, 3rd floor, Wing A  
Cardinal Gracious Road,  
Chakala, Andheri East  
Mumbai 400 099  
Phone: (022) 3952 1000; Fax: (022) 3952 1001

### **Registration**

Corporate Identity Number: U67100MH2009FTC189640 2008 - 2009 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**

Mr. Neeraj Dwivedi, Company Secretary  
Silver Utopia, 3rd floor, Wing A  
Cardinal Gracious Road,  
Chakala, Andheri East  
Mumbai 400 099  
Tel no. – 3952 1653  
Fax No. – 3952 1001  
Email – neeraj.dwivedi@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)



The Company does not have a Chief Financial Officer (CFO). The functions of the CFO are performed by the Ms. Silke Schmidt, Managing Director and Member of the Board of Directors.

### Board of Directors

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, Designation and DIN</b>	<b>Date of Birth and Age</b>	<b>Business Address</b>	<b>Director of the Company since</b>	<b>Directorships in other Indian public Companies</b>
Mr. Guy Broekmans Designation: Director DIN: 06427074	November 1, 1957 56	Silver Utopia, 3rd floor, Wing A Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099	2-November-2012	None
Ms. Silke Schmidt Designation: Managing Director DIN: 03403499	November 24, 1964 49	Silver Utopia, 3rd floor, Wing A Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099	31-January-2011	None
Mr. Marut Dhar Designation: Director DIN: 02225564	July 24, 1966 48	Silver Utopia, 3rd floor, Wing A Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099	16-January-2009	None

Note: None of the Directors of the Company are appearing in the RBI defaulter list and / or ECGC default list.



**Details of change in directors since last 3 years**

<b>Name, 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		16-January-2009	Resigned
Mr. Joern Ackim Kurzrock Designation: Managing Director DIN: 02681875	5-August-2009 (appointment)	05-August-2009	Resigned
Ms. Silke Schmidt Designation: Managing Director DIN: 03403499	31-January-2011 (appointment)	-	None
Mr. Marut Dhar Designation: Director DIN: 02225564	16-January-2009 (appointment)	-	None
Mr. Guy Broekmans Designation: Director DIN: 06427074	2-November-2012 (appointment)	-	None

**Details of the auditor of the Company**

<b>Name</b>	<b>Address</b>	<b>Auditor since</b>
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**

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. 500 crore out of which NCDs of Rs. 300 crore have already been issued and 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.

Credit Update (Rating Rationale) issued by the Ratings Agency on August 23, 2013 and Rating Letter issued by the Rating Agency on December 03, 2013 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.

## **Debenture Trustee**

IL&FS Trust Company Ltd

ILFS Financial Centre, Plot C-22, G-Block

Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Tel: 022-2659 3794 : Fax: 022- 2653 3297

Website : [www.itclindia.com](http://www.itclindia.com)

Contact : Ms. Sonal Gokhale, Email: [sonal.gokhale@ilfsindia.com](mailto:sonal.gokhale@ilfsindia.com)

SEBI Reg. No. IND000000452

The Company and the Debenture Trustee have executed a Debenture Trustee Agreement on May 2, 2012 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 November 01, 2013 for his appointment 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 Trustees 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 trustees 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 Trustees, 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.

## **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. 2,000 crores. In the loan facility agreements of the banks, the Company has undertaken not to charge, pledge or mortgage any assets in favour of any lenders without the written consent of the banks. The Company has obtained written consent of banks to mortgage its immovable property and receivables in favour of the Debenture Trustee for the Secured, Redeemable Non Convertible Debenture program of the Company upto an amount of Rs. 2,000 crores.

## (VI) BRIEF HISTORY, CAPITAL STRUCTURE AND OBJECTS OF THE ISSUE

### Brief History

The Company was incorporated on January 16, 2009 with the Registrar of Companies, Maharashtra, Bombay (Registration Number U67100MH2009FTC189640) 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 (E), Mumbai - 400 051 to Silver Utopia, 3rd floor, Wing A Cardinal Gracious Road, Chakala, Andheri East Mumbai 400 099 with effect from April 01, 2013.

### Key Operational and Financial Parameters for the last 3 Audited years (Standalone basis)

Parameters	For HY Ended September 30, 2013	FY 2012-13	FY 2011-12	FY 2010-11
For Financial Entities				
Networth	11,81,45,99,662	11,48,03,89,771	6,61,50,03,034	33,75,55,320
Total Debt	26,97,23,24,673	18,61,44,78,077	74,01,69,706	-
of which – Non Current Maturities of				
Long Term Borrowing	3,00,00,00,000	3,00,00,00,000	-	-
Short Term Borrowing	23,97,23,24,673	-	74,01,69,706	-
Current Maturities of				
Long Term Borrowing	-	-	-	-
Net Fixed Assets	16,44,85,484	17,33,94,158	13,32,27,691	7,93,07,501
Non Current Assets	16,24,61,12,962	11,82,86,82,110	3,12,80,97,961	8,67,62,744
Cash and Cash Equivalents	47,28,549	1,09,89,805	75,59,36,581	25,92,94,070
Current Investments	-	-	-	-
Current Assets	25,54,73,65,996	21,01,88,45,689	5,28,80,50,163	7,57,83,905
Current Liabilities	2,79,82,80,943	2,83,97,28,714	1,95,01,39,656	16,35,92,900
Assets Under Management	-	-	-	-
Off Balance Sheet Assets	-	-	-	-
Interest Income	1,46,21,53,062	1,64,65,83,831	2,91,22,086	3,291
Interest Expense	1,01,90,34,801	89,20,09,159	4,96,02,159	-
Provisioning & Write-offs	5,59,28,713	18,63,63,826	4,94,11,882	846

PAT	33,42,09,891	36,53,86,737	(36,55,51,646)	(17,54,07,064)
Gross NPA (%)	0.69%	0.35%	0.01%	-
Net NPA (%)	0.62%	0.29%	0.01%	-
Tier I Capital Adequacy Ratio (%)	27.53%	34.05%	78.00%	182.00%
Tier II Capital Adequacy Ratio (%)	0.25%	0.25%	0.58%	-

#### Debt Equity Ratio as on September 30, 2013 (Based on unaudited financial statements)

(Rs. In lakhs)

	Before the Issue	After the Issue
Short Term Debt	2,39,723	2,39,723
Long Term Debt	30,000	50,000*
Interest Accrued but due on borrowings	2,522	2,522
<b>Total Debt</b>	<b>2,72,245</b>	<b>2,92,245</b>
Share Capital	116,880	116,880
Add: Surplus in Statement of Profit and Loss	1,266	1,266
<b>Total Shareholders' funds</b>	<b>118,146</b>	<b>118,146</b>
<b>Debt Equity Ratio</b>	<b>2.30</b>	<b>2.47</b>

\* Includes Rs. 10,000 lakhs of NCDs proposed to be issued under the present Disclosure Document and Rs. 10,000 lakhs of NCDs proposed to be issued under the Disclosure Document 'VWFPL NCD B FY 2013-14'

The Share Capital of the Company as on September 30, 2013 is set forth below:

Particulars	Rs.
<b>Share Capital</b>	
<b>Authorised</b>	
1,629,000,000 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 148,23,90,000 'B' Equity Shares of Rs.10/- carrying no voting rights and restricted dividend rights)	16,290,000,000
<b>Total</b>	<b>16,290,000,000</b>
<b>Issued</b>	
1,168,802,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)	11,688,021,440
<b>Total</b>	<b>11,688,021,440</b>
<b>Subscribed</b>	

1,168,802,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)	11,688,021,440
<b>Total</b>	<b>11,688,021,440</b>
<b>Paid Up</b>	
1,168,802,144 Equity Shares of Rs. 10 each (comprising 10,51,92,207 'A' Equity Shares and 1,06,36,09,937 'B' Equity Shares)	11,688,021,440
<b>Total</b>	<b>11,688,021,440</b>

### Changes in the Authorised Capital of Company as on September 30, 2013 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 Crores Seventy Lakhs only) divided into 67,00,000 (Sixty Seven Lakhs) 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 Crores Seventy Lakhs only) divided into 67,00,000 (Sixty Seven Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.21,00,00,000/- (Rupees Twenty one Crores only) divided into 2,10,00,000 (Two Crores Ten Lakhs.) 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 Crores only) divided into 2,10,00,000 (Two Crores Ten Lakhs.) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 54,50,22,090/- (Rupees Fifty Four Crores Fifty Lakhs Twenty Two Thousand Ninety Only) divided into 5,45,02,209 (Five Crores Forty Five Lakh Two Thousand Two Hundred Nine) Equity Shares of Rs. 10/- (Rupees Ten Only) each
4	EGM, February 24, 2011	718,80,22,090	The Authorized Share Capital of the Company was increased from Rs. 54,50,22,090/- (Rupees Fifty Four Crores Fifty Lakhs Twenty Two Thousand Ninety Only) divided into 5,45,02,209 (Five Crores Forty Five Lakh Two Thousand Two Hundred Nine) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 718,80,22,090/- (Rupees Seven Hundred Eighteen Crores Eighty Lakhs Twenty Two Thousand Ninety Only) divided into 71,88,02,209 (Seventy One Crores Eighty Eight Lakhs Two Thousand Two Hundred Nine Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

5.	EGM, March 16, 2012	1,629,00,00,000	The Authorized Share Capital of the Company is increased from Rs. 718,80,22,090/- (Rupees Seven Hundred Eighteen Crores Eighty Lakhs Twenty Two Thousand Ninety Only) 71,88,02,209 (Seventy One Crores Eighty Eight Lakhs 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 Crores Only) divided in to 162,90,00,000 (One Hundred Sixty Two Crore and Ninety Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.
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**Changes in the issued and subscribed capital of the Company as on September 30, 2013 since inception**

Date of the Allotment	No. of Shares and Face Value	Issue Price Per Share (Rs.)	Nature of Allotment	Cumulative Capital (No. of Equity Shares)	Cumulative Capital (Rs.)
January 5, 2009	67,00,000 Equity Shares of Rs.10/- each	10	Subscription to the Memorandum of Association	67,00,000	6,70,00,000
December 02, 2009	68,65,600 Equity Shares of Rs.10/- each	10	Fresh Issue of equity shares at par	1,35,65,600	13,56,56,000
August 04, 2010	59,36,609 Equity Shares of Rs.10/- each	10	Fresh Issue of equity shares at par	1,95,02,209	19,50,22,090
March 16, 2011	349,99,999 Equity Shares of Rs.10/- each	10	Fresh Issue of equity shares at par	5,45,02,208	54,50,22,080
June 20, 2011	693,00,000 Equity Shares of Rs. 10 each	10	Fresh Issue of equity shares at par	12,38,02,208	123,80,22,080
November 16, 2011	15,78,75,016 Equity Shares of Rs. 10 each	10	Fresh Issue of equity shares at par	28,16,77,224	281,67,72,240
February 22, 2012	43,71,24,920 Equity Shares of Rs. 10 each	10	Fresh Issue of equity shares at par	71,88,02,144	718,80,21,440
August 23, 2012	45,00,00,000 Equity Shares of Rs. 10 each	10	Fresh Issue of equity shares at par	116,88,02,144	11,68,80,21,440

Note: All the above Equity shares have been issued for cash consideration

**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 September 30, 2013 / List of top 10 holders of equity shares as on September 30, 2013 / Details of Promoter Holding in the Company as on September 30, 2013**

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
1	Volkswagen Finance Overseas BV	10,51,92,207	-	10	1,05,19,22,070	9
2	Volkswagen Financial Services AG	1,06,36,09,937	-	10	1,063,60,99,370	91
	<b>Total Paid Up Capital</b>	<b>1,16,88,02,144</b>	-	<b>10</b>	<b>1,168,80,21,440</b>	<b>100</b>

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

### **Listing**

The NCDs to be issued in terms of this Document are proposed to be listed on 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 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 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.

### **Objects 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 financing activities including lending, investments, to repay our existing loans and

other liabilities and for our normal business operations including but not limited to our capital expenditure, working capital requirements and general corporate purposes.

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.

### **Interim Use of Proceeds**

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 or the Investment Committee from time to time.

### **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.

### **Material Event / Development or change**

There are no 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.



**(VII) DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS****A. Details of Secured Loans (Unaudited) as on September 30, 2013**

NIL

**B. Details of Unsecured Loan Facilities (Unaudited) as on September 30, 2013***(Rs. In lakhs)*

<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 / Overdraft Facility	18,000	17,900	NA
BNP Paribas	Working Capital Facility	18,300	NIL	NA
BNP Paribas	Overdraft Facility	18,300	6,868	NA
Deutsche Bank	Overdraft Facility	19,500	19,343	NA
Bank of America Merrill Lynch	Working Capital Facility	18,000	5,000	13-Jan-14
Citibank	Working Capital Facility	17,640	13,000	6-Nov-13
Citibank	Working Capital Facility	17,640	4,600	6-Nov-13
Standard Chartered Bank	Working Capital Facility / Overdraft Facility	18,000	5,500	9-Oct-13
Standard Chartered Bank	Working Capital Facility / Overdraft Facility	18,000	7,500	17-Oct-13
Yes Bank Limited	Working Capital Facility / Bank Guarantee	20,000	NIL	NA
HSBC	Working Capital Facility	18,500	NIL	NA
ING Vysya Bank	Working Capital Facility / Overdraft Facility / Term Loan Facility	12,000	NIL	NA
ANZ	Working Capital Facility	5,000	5,000	02-Dec-13
Barclays Bank	Working Capital Facility / Overdraft Facility	20,000	8,000	NA
Credit Suisse	Working Capital Facility	10,000	4,000	13-Jan-14

Credit Suisse	Working Capital Facility	10,000	6,000	3-Jan-14
Societe Generale	Working Capital Facility / Term Loan Facility	8,000	8,000	25-Nov-13
Westpac Banking Corporation	Working Capital Facility / Overdraft Facility	5,000	5,000	13-Feb-13
<b>Total</b>		<b>227,940</b>	<b>115,711</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 September 30, 2013, Non-Convertible Debentures with face value aggregating Rs. 30,000 lakh are outstanding with maturity dates as under:-

Debenture Series	Tenor (days)	Allotment Date	Maturity Date	Coupon	Amount Outstanding (in Rs Lakhs)	Secured / Unsecured	Security
VWFPL NCD 'A' 01 FY 2012-13	730	21-11-2012	21-11-2014	9.60%	15,000.00	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 executed between the Company and the Debenture Trustee with a minimum security cover of 100%.
VWFPL NCD 'A' 02 FY 2012-13	1097	21-11-2012	23-11-2015	9.70%	15,000.00	Secured	

**D. List of top 10 debenture holders as on September 30, 2013**

<b>Name of Holder</b>	<b>Holding (in Rs. lakh)</b>
HDFC Mutual Fund	10,000
The Ratnakar Bank Limited	5,000
DB International (ASIA) Limited	5,000
Deutsche Mutual Fund	2,500
ING Bank N.V	2,500
IDBI Mutual Fund	2,000
UTI Pension Fund	2,000
Sundaram Mutual Fund	1,000
<b>Total</b>	<b>30,000</b>

**E. Amount of Corporate Guarantee issued by the Issuer as on September 30, 2013**

Nil

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

As at September 30, 2013, Commercial Papers with face value aggregating Rs. 1,15,600 lakh are outstanding with maturity dates as under:-

<b>Maturity Date</b>	<b>Amount Outstanding (in Rs. Lakh)</b>
07-Oct-13	7,500
10-Oct-13	5,000
31-Oct-13	2,500
31-Oct-13	5,000
08-Nov-13	5,000
08-Nov-13	10,000
08-Nov-13	5,000
08-Nov-13	2,500
19-Nov-13	10,000
13-Dec-13	7,500
18-Dec-13	7,500
23-Dec-13	7,500
25-Apr-14	7,500
02-May-14	5,000
17-Jun-14	2,100
30-Jun-14	3,000
04-Jul-14	5,000
04-Jul-14	2,500
21-Aug-14	13,000
17-Sep-14	15,000
17-Sep-14	500
<b>Total</b>	<b>128,600</b>

## **G. Particulars of debt securities issued in the past**

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.

### **General Note:**

- There are no borrowings outstanding as on September 30, 2013 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.

## **(VIII) 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 under or 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 each Series of the Debentures under this Disclosure Document may be varied, modified or abrogated with the consent, in writing, of those registered holders of the Series of Debentures in physical form and beneficial owners of the Debentures in dematerialised form who hold at least three fourths of the outstanding amount of the relevant series of Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the relevant Series of Debenture holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company. However, procedural or non material rights, privileges, terms and conditions attached to each Series of the Debentures under this Document may be varied, modified or abrogated with the consent in writing of the Debenture Trustee.

### **4. Minimum subscription**

Minimum subscription shall be 3 Debentures (Rs. 30,00,000/-).

## **Issue Procedure**

### **5. 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) 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)**

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	0900911412300132
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 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 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.

## **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, 1956, 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 next working day, with interest at Coupon Rate for such extended 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 dates defined above or elsewhere in this Disclosure Document or in the respective pricing supplement (if any), fall on a Saturday, Sunday or a public holiday, the next working day shall be considered as the effective date(s).

## **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 from the interest payment dates / principal repayment dates as mentioned in the respective Pricing Supplements, if any.

## **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 under Section 121 of the Companies Act 1956.

## **24. Security / Further Borrowings**

Debentures to be issued by the Company in pursuance of this Disclosure Document together with interest, costs, charges, remuneration of the Debenture Trustee and all other moneys payable in respect thereof shall be secured by way of creation of pari-passu charge by way of mortgage over the:

(i) Specific immovable property of the Company as detailed below:-

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 as follows, that is to say:

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

On or towards the West by : Condominium No.4, and

(ii) Specific receivables of the Company arising out of loan, lease and hire purchase transactions

In favor of the Debenture Trustee who shall act for the benefit of the Debenture Holders.

To maintain the Required Security Cover, the Company may add and/ or substitute the aforesaid specific receivables. It shall be the responsibility of the Company to identify from time to time and indicate the specific receivables that are mortgaged under the Debenture Trust Deed. The Company will indicate the same by furnishing to the additional /substituted lists of contracts at the end of every month. Upon such intimation, the assets so identified would deem to have been mortgaged under these presents. The Company and the Debenture Trustee acknowledges that for so long as no Event of Default has occurred and is continuing, the Debenture Trustee shall not be required to obtain any prior consent of, or provide any prior intimation to, the Debenture Holder(s) for any addition / substitution / release of the Moveable Property as defined in the Debenture Trust Deed and the execution of the deed and doing all such acts as is required in this regard. The Debenture Holder(s) shall be deemed to have authorized the Debenture Trustee to execute such deeds or such other documents as may be required to give effect to such addition / substitution / release of the Moveable Property as defined in the Debenture Trust Deed without requiring the Debenture Trustee to provide specific notice to or obtaining consent from the Debenture Holder(s) for so long as no Event of Default has occurred and is continuing.

Subject to maintaining required security cover, the Company shall be entitled, from time to time, to make further issue of Debentures or such other instrument to the Public, members of the Company or to any other person(s) and/or raise further loans/advances and/or avail of further financial and/or guarantee(s) facilities from Indian or International Financial Institutions, Banks and/or any other person(s) on the security of the above properties or any part thereof and/ or such other assets and properties and having such ranking including ranking in priority to the security to be created in favour of the Trustees as may be decided by the Company from time to time, on such terms as to security or otherwise as may be mutually acceptable to the Company and the Trustees without requiring the consent of the Debenture holders. However, the Company shall provide the Debenture Trustee with a certificate from a practicing Chartered Accountant or a practicing Company Secretary showing the security cover before creating a mortgage or a charge on the specific immovable property and specific movable property. However no certificate shall be required to be submitted by the Company to the Debenture Trustee if the Company issues any tranche of debentures on private placement basis under the Debenture Trust Deed dated October 3, 2012 upto an amount of Rs. 2,000 crore.

## **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 12 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 a period of 30 Business Days ("**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 68A of the Companies Act, 1956:

"Any person who:

- Makes in a fictitious name an application to a Company for acquiring, or subscribing for, any



shares therein, or

- Otherwise induces a Company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

## **27. Notices**

The notices to the Debenture holders required to be given by the Company or the Trustees 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**

IL&FS Trust Company Ltd has been appointed to act as the Trustees for the Debenture holders. All remedies of the Debenture holder(s) for the amounts due on the Debentures will be vested with the Trustees 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 Trustees 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. Modification of Rights**

The rights, privileges, terms and conditions attached to each Series of the Debentures may be varied,

modified or abrogated with the consent, in writing, of those registered holders of the Series of Debentures in the physical form and beneficial owners of the Debentures in the dematerialised form who hold at least three fourths of the outstanding amount of the relevant Series of Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the relevant Series of debenture holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company.

### **33. Application under Power of Attorney**

In the case of applications made under Power of Attorney or by limited companies, corporate bodies, registered societies, trusts etc. a certified true copy of the Power of Attorney or the relevant authority, as the case may be along with a certified copy of the Memorandum & Articles of Association and/or Bye Laws and/or the Deed of Trust, certified true copy of the Board Resolution, list of authorized signatories must be lodged along with the application or sent directly to the Company along with a copy of the Application Form.

### **34. 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.

### **35. Governing Laws**

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 in the city of Mumbai.

### **36. Undertaking By the Company**

The Company hereby undertakes that it shall use a common form of transfer for all Debentures issued by it.



## (IX) ANNEXURES

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

Copy of the letter dated December 03, 2013 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 Credit Update (Rating Rationale) dated August 23, 2013 from India Ratings and Research Private Limited for the Secured Redeemable Non Convertible Debenture Issue of the Company	Annexure - 2
Copy of consent letter from the Debenture Trustee	Annexure – 3
Copy of the 'In-Principle' approval of BSE to list the Debentures on the Exchange.	Annexure – 4
Copy of Audited Financial Statements for the financial year ended March 31, 2011	Annexure – 5
Copy of Audited Financial Statements for the financial year ended March 31, 2012	Annexure - 6
Copy of Audited Financial Statements for the financial year ended March 31, 2013	Annexure - 7
Copy of Un-audited Financial Statements with limited review for the financial period ended September 30, 2013	Annexure - 8

**(X) APPLICATION FORM**

*Private and Confidential (for addressee only)*

**Volkswagen Finance Private Limited**  
**Registered Office: 3 Silver Utopia, 3<sup>rd</sup> Floor, Wing A,**  
**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 December 03, 2013**

Application No.

Date

To  
Board of Directors

Dear Sirs,

**Sub: Issue of 1,000 Secured Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs. 10,00,000 each, for cash, aggregating Rs. 100 crores on a private placement basis.**

Having read and understood the contents of the Disclosure Document dated December 03, 2013 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 Disclosure Document dated December 03, 2013 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.

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

Debenture Series	VWFS NCD A FY 2013-14	
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



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

**Volkswagen Finance Private Limited**  
**Registered Office: 3 Silver Utopia, 3<sup>rd</sup> Floor, Wing A,**  
**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.

## (X) DECLARATION

The Company hereby certifies that the disclosures made in this Disclosure Document are true and correct and generally adequate and in conformity with Schedule I of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and as amended by SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 to the extent applicable, and no statement made in this Disclosure Document shall contravene any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions, etc issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

**Signed by:**

Name, Designation	Signature
Kaushal Mithani, Head - Treasury	<i>Kaushal V. Mithani</i>
Maheen Lampwala, Head - Finance and Accounts	<i>M. Lampwala</i>

**Date: December 03, 2013**

**Place: Mumbai**