

SKODA Auto Volkswagen India Private Limited (Formerly known as Volkswagen India Private Limited)

Registered office: E-1, MIDC Industrial Area Phase III, Nigoje Mhalunge, Kharabwadi, Chakan, Khed, Pune, Maharashtra, 410501

CIN: U70102PN2007FTC133117; T: +91 02135 61000 / 331000 F: +91 02135 661049

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2022

(in INR million)

| Sr. No | Particulars | Quarter ended | | | 9 Months ended | | Year ended |
|----------|---|-------------------|------------------|------------------|-------------------|------------------|-------------------|
| | | Dec 31, 2022 | Sep 30, 2022 | Dec 31, 2021 | Dec 31, 2022 | Dec 31, 2021 | March 31, 2022 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Income | | | | | | |
| | Revenue from operations | 45,642.01 | 36,257.71 | 29,243.87 | 122,816.00 | 80,239.45 | 124,104.82 |
| | Other income | 7,270.27 | 1,703.47 | 7,216.92 | 13,836.14 | 14,565.81 | 14,285.94 |
| | Total Income | 52,912.28 | 37,961.18 | 36,460.79 | 136,652.14 | 94,805.26 | 138,390.76 |
| 2 | Expenses | | | | | | |
| | Cost of raw materials and components consumed | 28,008.72 | 26,555.22 | 23,594.99 | 87,177.02 | 60,498.23 | 87,938.84 |
| | Purchase of traded goods | 7,854.89 | 4,603.88 | 4,154.64 | 17,835.81 | 9,583.32 | 17,388.59 |
| | Changes in inventories of finished goods, work-in-progress and traded goods | 1,664.94 | (2,815.85) | (3,367.85) | (5,334.29) | (5,190.82) | (5,167.07) |
| | Employee benefits expense | 2,041.34 | 2,180.52 | 1,861.79 | 6,350.51 | 5,744.73 | 7,666.53 |
| | Finance costs | 414.78 | 402.09 | 321.63 | 1,831.45 | 834.28 | 1,305.49 |
| | Depreciation and amortisation expense | 2,399.66 | 2,380.07 | 2,238.07 | 6,924.82 | 5,065.99 | 7,132.30 |
| | Other expenses | 7,783.29 | 4,853.33 | 7,298.24 | 18,742.65 | 16,340.39 | 19,141.59 |
| | Total expenses | 50,167.62 | 38,159.26 | 36,101.51 | 133,527.97 | 92,876.12 | 135,406.27 |
| 3 | Profit / (Loss) before exceptional items and tax (1-2) | 2,744.66 | (198.08) | 359.28 | 3,124.17 | 1,929.14 | 2,984.49 |
| 4 | Exceptional Items (refer note 5) | - | - | - | - | - | 900.80 |
| 5 | Profit / (Loss) before tax (3+4) | 2,744.66 | (198.08) | 359.28 | 3,124.17 | 1,929.14 | 3,885.29 |
| 6 | Tax expenses: | | | | | | |
| | Current tax | 623.68 | 32.42 | 53.34 | 885.91 | 350.67 | 717.96 |
| | Deferred tax charge / (credit) | 1,046.81 | (37.28) | 350.22 | 1,281.34 | 1,427.45 | 1,083.93 |
| | Total tax expense | 1,670.49 | (4.86) | 403.56 | 2,167.25 | 1,778.12 | 1,801.89 |
| 7 | Profit / (Loss) for the period (5-6) | 1,074.17 | (193.22) | (44.28) | 956.92 | 151.02 | 2,083.40 |
| 8 | Other Comprehensive Income | | | | | | |
| A | Items that will not be reclassified to profit or loss in subsequent periods | | | | | | |
| | (a) Remeasurement of defined benefit plans | 73.05 | 73.05 | 25.98 | 219.15 | 77.94 | 292.20 |
| | (b) Income tax effect | (25.53) | (25.53) | (9.08) | (76.58) | (27.24) | (102.11) |
| B | Items that will be reclassified to profit or loss in subsequent periods | | | | | | |
| | (a) Deferred gain / (loss) on cash flow hedges | (5,509.30) | 1,830.56 | 1,034.25 | (2,646.65) | 1,322.37 | 1,528.70 |
| | (b) Income tax effect | 1,925.16 | (639.66) | (361.41) | 924.84 | (462.09) | (534.19) |
| | Other Comprehensive income (A+B) | (3,536.62) | 1,238.42 | 689.74 | (1,579.24) | 910.98 | 1,184.60 |
| 9 | Total comprehensive income for the period (7+8) | (2,462.45) | 1,045.20 | 645.46 | (622.32) | 1,062.00 | 3,268.00 |
| 10 | Paid-up equity share capital (Face value of INR 10 each) | 7,240.45 | 7,240.45 | 7,240.45 | 7,240.45 | 7,240.45 | 7,240.45 |
| 11 | Other Equity | | | | | | 41,503.32 |
| 12 | Earnings per equity share (not annualised) | | | | | | |
| | Basic and Diluted (INR) | 1.48 | (0.27) | (0.06) | 1.32 | 0.21 | 2.88 |
| | See accompanying notes to the financial results | | | | | | |

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Notes:

- 1 SKODA Auto Volkswagen India Private Limited (the "Company") is in the business of manufacturing passenger automotive cars, trading of imported cars (purchased from group companies) and spares & accessories. The Company has commenced its operations in India in February 2007.

On September 5, 2019, the Assistant Registrar of National Company Law Tribunal (NCLT), Mumbai Bench duly authenticated a scheme of Amalgamation (the 'Scheme') under Sections 230 to 232 of the Companies Act, 2013, which is effective from appointed date of April 01, 2019. Accordingly, Volkswagen Group Sales India Private Limited (VWGS IPL) and Skoda Auto India Private Limited (SAIPL) have been amalgamated with Volkswagen India Private Limited (VWIPL) and the name of the merged company has been changed to "SKODA Auto Volkswagen India Private Limited". This was a strategic decision taken by the Board whereby the Board expects to benefit from operational and economic efficiencies.

- 2 These financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results for the quarter and nine months ended December 31, 2022 have been subjected to limited review by the Statutory Auditors of the Company and have been reviewed and approved by the Board of Directors at its meeting held on February 10, 2023.
- 3 The Company has transferred 145,887,325 Class A Equity shares held by Volkswagen International Finance N.V. to Skoda Auto a.s on June 7, 2022. The same was approved by Board of Directors of the Company and ratified by shareholders in the extraordinary general meeting held on May 27, 2022. This transfer of shares took place in the demat mode through IIFL Securities Limited.
- 4 Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker as defined in Ind AS 108 – Operating Segments. The Board of Directors have been identified as the chief operating decision maker. The Company operates in a single business segment i.e., Automobile cars and parts, which has similar risks and returns and as such there is no separate reportable segment as per Ind AS 108 "Operating Segments".
- 5 **a. Shendra Plant** - The Company changed its accounting policy during the previous year wherein the government grants having primary condition of capital investments, amongst other revenue based conditions, had been considered as Capital grant. Based on the EAC opinion published by the Institute of Chartered Accountants of India on similar matter, this grant was considered as revenue grant in reporting for earlier periods. However, based on widely accepted industry practices and further consultations with accounting experts, Company believes that this change in policy would provide more reliable and relevant information in the financial statements. Comparative periods had been restated only for retrospective application of the capital approach for Shendra plant. Impact of this change in accounting policy had been presented in Statement of profit and loss as exceptional item. Retrospective application of the capital grant accounting had the following effects on the amounts presented for financial year 2021-22.

| Balance sheet | | INR Million |
|--|-----------------------------|--------------------|
| Particulars | As at March 31, 2022 | |
| Grant receivable under revenue approach | 264.41 | |
| Grant receivable under capital approach | 264.41 | |
| Net impact | - | |
| | | |
| Impact on retained earnings under revenue approach | (75.53) | |
| Impact on retained earnings under capital approach | 900.80 | |
| Net impact | (976.33) | |

| Statement of Profit and Loss | | INR Million |
|-------------------------------------|----------------------------------|--------------------|
| Particulars | Year ended March 31, 2022 | |
| PSI income as per revenue approach | (75.53) | |
| PSI income as per capital approach | 900.80 | |
| Net impact | (976.33) | |

b. Chakan Plant - During the previous year, the Company was successful in securing Eligibility Certificate for its Ultra Mega Project under Package Scheme of Incentive, 2013 (PSI). The eligibility certificate has been provided to the extent of Investment value of INR 46,833 Million. The eligibility certificate is inclusive of INR 28,617 million from erstwhile eligibility certificate issued in September 2010. During December 2021 quarter, the Management accounted for the above event in accordance with the 'Income approach' which is consistent with the view expressed by Expert Advisory Committee of the Institute of Chartered Accountants of India.

During the quarter ended March 31, 2022, based on widely accepted industry practices and further consultations with accounting experts, the Company changed its accounting policy wherein the government grants having primary condition of capital investments, amongst other revenue based conditions has been considered as Capital grant. Accordingly, the amount of grant benefit would be recognized over the useful life of fixed assets procured/constructed out of the aforesaid grant. During the quarter and year ended March 31, 2022 the Company recorded INR 16,823 million as grant receivables with corresponding 'deferred government grant income' of INR 15,752 million and INR 1,071 million as grant income in Statement of Profit and Loss.

- 6 The Company has several ongoing litigations with tax authorities, of which, certain matters as listed below are pending with the Honourable Supreme Court.
- a. During earlier years, the Company had received demand notices from the Excise authorities covering period from January 2010 to June 2017 for Rs.11,140.77 million (including penalty Rs. 4,945.12 million but excluding interest not presently quantified). The demands are towards additional excise duty payable on the grounds that the goods sold by the Company were undervalued. The CESTAT, Mumbai, has allowed partial relief in the matter as per order passed in August 2020. The Company has filed an appeal with the Honourable Supreme Court.
- On similar grounds, during earlier years, Skoda Auto India Private Limited (SAIPL), an entity now merged with the Company (refer Note 1 above), had received show cause notices from the Excise authorities covering period from January 2010 to June 2017 for Rs. 6,104.23 million (excluding penalty and interest not presently quantified). The Company has filed a reply to the notice and a hearing is awaited.
- b. During earlier years, SAIPL had received demand notices from the Customs authorities covering period from year 2001 to 2007 for Rs. 2,854.32 million (including penalty Rs. 971.50 million and interest Rs. 911.32 million), of which Rs. 554.97 million has been considered as a provision by the management. The demands are towards additional customs duty payable on import of technical know-how pursuant to a Technology Transfer and Trademark Licence Agreement. The CESTAT, Mumbai, has passed an order against the Company in June 2013. The Company has filed an appeal with the Honourable Supreme Court.
- Based on the management's assessment including external legal advice with respect to provisions of law, the Company is confident of the above matters being ultimately decided in the Company's favour and accordingly, no provision (except as stated above), has been considered necessary by the Company in this regard till date.

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2022

(in INR million)

| Sr. No. | Particular | Formula for computation of ratios | Quarter ended | | | 9 Months ended | | Year ended |
|---------|---|--|---------------|--------------|--------------|----------------|--------------|----------------|
| | | | Dec 31, 2022 | Sep 30, 2022 | Dec 31, 2021 | Dec 31, 2022 | Dec 31, 2021 | March 31, 2022 |
| 1 | Debt Equity Ratio | $\frac{\text{Total Debt (Total Borrowing + lease liabilities)}}{\text{Total shareholders' Equity (Equity share capital + Other equity)}}$ | 0.45 | 0.48 | 0.48 | 0.45 | 0.48 | 0.46 |
| 2 | Debt Service Coverage Ratio (DSCR) (not annualised) | $\frac{\text{Earnings available for debt service (Net profit after tax + finance cost + depreciation and amortisation)}}{\text{Debt service (Finance cost + current maturities of borrowing + lease liabilities)}}$ | 0.26 | 0.14 | 0.18 | 0.59 | 0.42 | 0.73 |
| 3 | Interest Service Coverage Ratio (not annualised) | $\frac{\text{Profit before interest and taxes (EBIT)}}{\text{Finance cost}}$ | 7.62 | 0.51 | 2.12 | 2.71 | 3.31 | 3.98 |
| 4 | Outstanding redeemable preference shares (INR Million) (971,724,552 shares of INR 10 each) | - | 9,717.25 | 9,717.25 | 9,717.25 | 9,717.25 | 9,717.25 | 9,717.25 |
| 5 | Capital Redemption reserve (INR Million) | - | 1,858.04 | 1,858.04 | 1,858.04 | 1,858.04 | 1,858.04 | 1,858.04 |
| 6 | Net worth (INR Million) | - | 48,121.45 | 50,583.90 | 47,514.09 | 48,121.45 | 47,514.09 | 48,743.77 |
| 7 | Current ratio | $\frac{\text{Total Current assets}}{\text{Total Current liabilities}}$ | 0.78 | 0.84 | 0.85 | 0.78 | 0.85 | 0.85 |
| 8 | Long term debt to working capital ratio (Number of times) | $\frac{\text{Long term debt (Non-current maturities of borrowing + Non-current maturities of lease liabilities)}}{\text{Working Capital (Current assets - current liabilities)}}$ | (0.41) | (0.64) | (0.98) | (0.41) | (0.98) | (0.98) |
| 9 | Bad debts to accounts receivable ratio (%) | $\frac{\text{Bad Debts written off}}{\text{Average trade receivables}}$ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10 | Current liability ratio (Number of times) | $\frac{\text{Current Liabilities}}{\text{Total Liabilities}}$ | 0.71 | 0.66 | 0.77 | 0.71 | 0.77 | 0.65 |
| 11 | Total debts to total assets ratio (Number of times) | $\frac{\text{Total Debts (Total borrowing + total lease liabilities)}}{\text{Total Assets}}$ | 0.14 | 0.17 | 0.18 | 0.14 | 0.18 | 0.16 |
| 12 | Debtors turnover ratio (Number of times) (Annualised) | $\frac{\text{Revenue from operations}}{\text{Average trade receivables}}$ | 84.59 | 137.52 | 57.59 | 57.58 | 59.30 | 58.17 |
| 13 | Inventory turnover ratio (Number of times) (Annualised) | $\frac{\text{Cost of goods sold (Cost of raw materials and components consumed + Purchases of traded goods + Changes in inventories of finished goods, work-in-progress and traded goods)}}{\text{Average inventory}}$ | 4.48 | 3.45 | 4.27 | 4.46 | 4.61 | 5.17 |
| 14 | Operating margin (%) | $\frac{\text{Operating profit (EBIT)}}{\text{Revenue from operations}}$ | 6.92% | 0.56% | 2.33% | 4.03% | 3.44% | 4.18% |
| 15 | Net profit margin (%) | $\frac{\text{Net profit after tax}}{\text{Revenue from operations}}$ | 2.35% | (0.53%) | (0.15%) | 0.78% | 0.19% | 1.68% |

Note: Computation of ratios for comparative periods has been aligned basis formula stated above.

a. **Credit rating:**

| Particulars | Rating agency | Rating |
|-------------------|---------------|--------|
| Commercial Papers | India Rating | A1+ |
| Commercial Papers | ICRA Limited | A1+ |

b. **The next due date for the payment of interest and redemption of commercial papers listed on BSE:**

| ISIN | Type | Amount (in INR million) | Due date of payment |
|-----------------------|-----------|-------------------------|---------------------|
| INE04TA14261 (Listed) | Principal | 1,500.00 | 16-Feb-23 |
| INE04TA14261 | Interest | 44.07 | 16-Feb-23 |
| INE04TA14279 (Listed) | Principal | 1,500.00 | 13-Jul-23 |
| INE04TA14279 | Interest | 84.05 | 13-Jul-23 |

**For and on behalf of the Board of Directors of
SKODA Auto Volkswagen India Private Limited
(Formerly known as Volkswagen India Private Limited)**

Place: Pune
Date : February 10, 2023

Piyush Arora
Managing Director
DIN: 06991008

Nalin Jain
Executive Director – Finance and Chief Financial Officer
DIN: 06527476