

**VOLKSWAGEN FINANCE**  
PRIVATE LIMITED

Directors' Report  
For the Financial Year ended March 31, 2017

## DIRECTORS' REPORT

To  
The Members,  
Volkswagen Finance Private Limited

Your Directors have pleasure in presenting Directors Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017

### FINANCIAL PERFORMANCE

The Company's performance during the financial year 2016-17 as compared to the previous financial year is summarized below

Particular	Financial year ended 31st March, 2017 (Rs. In lacs)	Financial year ended 31st March, 2016 (Rs. In lacs)
Revenue from continuing operations	64,932	61,859
Less Expenditure from continuing operations	56,186	50,510
<b>Profit/(Loss) exceptional and extraordinary items and tax</b>	<b>8,746</b>	<b>11,349</b>
Prior Period Income	0	786
<b>Profit / (Loss) before tax</b>	<b>8,746</b>	<b>12,135</b>
Less Tax expense	3,252	3,869
<b>Profit for the year</b>	<b>5,494</b>	<b>8,266</b>

### OPERATIONAL PERFORMANCE

For the financial year ended March 31, 2017, your Company earned Profit before Tax of Rs 8,746 lacs as against profit of Rs 11,349 lacs in the previous financial year and the Profit after Tax of Rs 5,494 lacs as against profit of Rs 8,266 lacs in the previous financial year. The total Income for the year under consideration was Rs 64,932 lacs and total expenditure was Rs 56,186 lacs (including tax expense of 3,252 lacs).

During the year under review, the Company met its funding requirements through issue of Non-Convertible Debentures ("NCDs"), Commercial Papers ("CPs") and Bank borrowings. The aggregate debt (NCDs, CPs and Bank borrowings) outstanding as on March 31, 2017 was Rs 4,32,713 lacs.

### CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2017, stood at 20.76 % of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%.

## COMPANY PERFORMANCE

Considering the tax, legal and government policy challenges faced by the Indian automobile industry and the demonetization impacts towards the end of 2016, the Company's performance during the year under review was satisfactory. The Company continued its focus on financing of Volkswagen Group cars and Truck and Bus segment. During the Financial Year 2017-18, the Volkswagen Group was present via the brands Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN and Scania. The Loan book(Retail and Wholesale) has increased by 6% during the FY 2017.

### Brand wise performance at a glance ( as at March 31, 2017)

Brand	Retail Earning Assets (Rs. In lacs)	Wholesale Earning Assets (Rs. In lacs)
Volkswagen	145,402	65,293
Audi	165,256	71,477
Skoda	66,563	25,559
Porsche	5,696	11,469
Lamborghini	660	2,695
Man	3,991	2,869
Non-Group	185	49
SCANIA	3,261	35,010
<b>Grand Total</b>	<b>391,014</b>	<b>214,421</b>

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report has been enclosed as Annexure 'A' to this Report.

## REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review, the Company did not have any subsidiary, associate or joint venture company. Disclosures as specified in para A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

## DIVIDEND

With a view to conserve resources and to allow further growth of Single and Group Borrowing Limit to support growth of lending to VW Group dealers, your Directors do not recommend any dividend for the year under review.

## TRANSFER TO RESERVES

During the financial year 2016-17, the Company has transferred Rs. 1,099 lacs ( 20 % of the net

profit for the year) to Special Reserve as required pursuant to the provisions of Section 45IC of the Reserve Bank of India Act, 1934

## **DEPOSITS**

The Company is registered as Non-deposit Accepting Non-banking Financial Company (NBFC ND) with Reserve Bank of India. The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review. Further, the Company is exempt from the provisions of Chapter V of the Companies Act, 2013 read with the relevant Rules pertaining to public deposits.

## **MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments which could affect the Company's financial position between the end of the financial year of the Company and date of this report.

## **DISCLOSURE OF INTERNAL CONTROLS / INTERNAL FINANCIAL CONTROLS**

As part of the internal control framework, the management has developed extensive policies and procedures through the Local Organizational Hand Book (L-OHB) for ensuring the orderly and efficient conduct of its business. During the year, the Company has set up Process Management function to design processes and workflow that maximize efficiency, maintain high levels of customer experience, and comply with regulatory and audit requirements. The Company has established risk measurement and evaluation procedures in line with Volkswagen Group guidelines. In order to mitigate operational risks, the Company has put in place extensive internal controls which includes audit trails, appropriate segregation of front and back office operations, post transaction monitoring processes at the back end to ensure independent checks and balances, adherence to the laid down policies and procedures of the Company and to all applicable regulatory guidelines. The monitoring and reporting of frauds is undertaken by Risk Management department and the Board reviews the fraud report on quarterly and annual basis recommending various measures for system and process corrections. The fraud cases involving Rs 25 lacs and above are monitored and reviewed by the Audit Committee of the Board to ensure adequate assessment of punitive or preventive aspects of frauds.

The Internal Audit function of the Company acts as an independent appraisal function by examining and evaluating the adherence to Company's policies, safeguarding of its assets, controls over accuracy and completeness of the accounting records. Internal Audit assists the Management and the Board of Directors in assessing and assuring the adequacy and effectiveness of internal controls and risk management by performing regular audits within the Company according to its annual plan.

Further, Internal Control and Assurance department conducts regular process audits on an ongoing basis and carries out the internal control framework review for the Company on an annual basis. Adequate Financial Controls are operative for all the business activities of the Company and remedial measures have been undertaken by the Management for the control gaps observed during the review.

The Board is of the view that the aforesaid system of Internal Control over Financial Reporting is sound and adequate to provide reasonable assurance regarding the timely preparation and reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements

#### **REGULATORY ACTION**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status of the Company and its future operations

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

All related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013

The policy on Related Party Transactions as approved by the Board is annexed as Annexure 'B' and is also uploaded on the Company's website

#### **PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES**

The provisions of section 186 of the Act, except sub section 1, are not applicable to the loans, guarantees and securities made by the Company as it is engaged mainly in the business of financing. The Company has not made any Investment in the securities

#### **DISCLOSURE UNDER OTHER SECTIONS OF THE COMPANIES ACT, 2013**

During the year under review, the Company has not issued any shares under Section 43, 54 and 62 of the Act and hence no information as per provisions of the Act read with the Companies (Share Capital and Debenture) Rules, 2014 is furnished

Further, there has been no change in the capital structure of the Company during the year under review

#### **DISCLOSURE UNDER RBI DIRECTIONS ON CORPORATE GOVERNANCE**

The disclosure requirement including credit rating, under Sub-regulation 2 of Regulation 70 of the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are forming part of the notes to accounts

## **MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of the Company consists of judicious mix of Independent and Non Independent Directors who collectively steer the Company in attaining its corporate objectives

Following is the composition of the Board of Directors as on March 31, 2017

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Designation</b>
1	Mr Andreas Kutzner	Managing Director and Chief Executive Officer
2	Mr Gokhan Cinar	Managing Director and Chief Financial Officer
3	Mr Reinhard Flegler	Non-executive Director
4	Ms Rupa Vora	Independent Director
5	Mr Mrinal Chandran	Independent Director

None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review except receipt of sitting fees

During the year under review, the following changes took place in composition of the Board of Directors & Key Managerial Personnel of the Company

### **a. Board of Directors**

Mr Gokhan Cinar (DIN 07649354) was appointed as Additional Director of the Company with effect from the conclusion of the Meeting of the Board of Directors held on November 11, 2016 Upon recommendation of Nomination & Remuneration Committee and the Board of Directors, Members at their Extraordinary General Meeting held on February 10, 2017, appointed him as Managing Director (MD) and Chief Financial Officer (CFO) for a period of 2 years and 11 months with effect from January 01, 2017 until November 30, 2019

Mr Prieter Griep (DIN 06784366) resigned as Managing Director and Chief Financial Officer of the Company with effect from December 31, 2016 The Board of Directors places on record its sincere appreciation for contribution made by Mr Griep during his tenure as Director of the Company

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013

### **b. Key Managerial Personnel**

At the Meeting of the Board of Directors held on January 31, 2017, Mr Gokhan Cinar was appointed as Managing Director, Chief Financial Officer and Key Managerial Person of the Company with effect from January 01, 2017

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanations obtained by them -

- (i) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards,
- (ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that year,
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act have been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) the annual accounts for the year ended March 31, 2017 have been prepared on a going concern basis,
- (v) the internal financial controls to be followed by the company have been laid down and that such internal financial controls are adequate and were operating effectively, and
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## **DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES**

### **Board Meetings**

The Board of Directors met 4 times during the financial year ended 31<sup>st</sup> March 2017 in accordance with the provisions of the Act and rules made there under and the dates on which they met during the financial year under review are as under

<b>Sr. No</b>	<b>Date of the Board Meeting</b>
1	May 26, 2016 adjourned to May 30, 2016
2	July 26, 2016
3	November 11, 2016
4	January 27, 2017 adjourned to January 31, 2017

Sr. No	Name of Directors	Number of Meetings attended (including adjourned Board Meeting)
1	Mr. Pieter Griep <sup>#</sup>	4
2	Mr Andreas Kutzner	6
3	Mr Reinhard Fleger <sup>%</sup>	2
4	Ms Rupa Vora	6
5	Mr Mrinal Chandran	6
6	Mr. Gokhan Cinar <sup>*</sup>	2

# resigned as Managing Director & CFO w e f 31<sup>st</sup> December, 2016

% also attended the Meeting held on November 11, 2016 via video conference

\* appointed as Additional Director from the conclusion of the Board Meeting held on November 11, 2016

### **Committees of the Board**

The Company has various Committees which have been constituted with specific terms of reference/scope to focus effectively on issues and ensure expedient resolution of diverse matters and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. The Composition and other details of statutory Committees are as follows

#### **a. Audit Committee:**

The Company has a duly constituted Audit Committee in compliance with Section 177 of the Companies Act, 2013 and Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The scope of the Audit Committee *inter alia* includes, examination of the financial statement and the auditors' report thereon, approval or any subsequent modification of transactions of the Company with related parties, recommending to the Board the appointment, remuneration and terms of appointment of auditors of the Company and oversight of the Company's financial reporting process. The Committee was reconstituted on January 27, 2017 to appoint Mr Gokhan Cinar, Managing Director & CFO as member of the Committee in place of Mr Pieter Griep who had resigned as Managing Director & CFO of the Company with effect from December 31, 2016.

#### **Composition of the Audit Committee as on March 31, 2017:**

- 1 Mr Gokhan Cinar, Managing Director & CFO
- 2 Ms Rupa Vora, Independent Director
- 3 Mr Mrinal Chandran, Independent Director



**Meetings held during the Financial Year 2016-17:**

Sr. No	Date of the Meeting
1	May 26, 2016 adjourned to May 30, 2016
2	November 11, 2016
3	January 27, 2017 adjourned to January 31, 2017

**Attendance record:**

Sr. No	Name of Directors	Number of Meetings attended (including adjourned Meeting)
1	Mr Pieter Griep <sup>#</sup>	3
2	Ms Rupa Vora	5
3	Mr Mrinal Chandran	5
4	Mr Gokhan Cinar <sup>*</sup>	2

<sup>#</sup> resigned as Managing Director & CFO w e f 31<sup>st</sup> December, 2016

<sup>\*</sup> appointed as Additional Director from the conclusion of the Board Meeting held on November 11, 2016

**b. Nomination and Remuneration Committee:**

The Company has constituted Nomination and Remuneration Committee in accordance with section 178 of the Companies Act, 2013 and Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which has been authorized to establish the criteria for selection to the Board, to evaluate the proposed candidate on fit and proper criteria as may be prescribed by RBI, and to carry out the evaluation of every director's performance

**Composition of the Nomination & Remuneration Committee as on March 31, 2017:**

- 1 Mr Reinhard Fleger, Non-Executive Director
- 2 Ms Rupa Vora, Independent Director
- 3 Mr Mrinal Chandran, Independent Director

**Meetings held during the Financial Year 2016-17:**

Sr. No	Date of the Meeting
1	May 30, 2016
2	July 26, 2016
3	November 11, 2016
4	January 31, 2017

**Attendance record:**

Sr. No	Name of Directors	Number of Meetings attended
1	Mr Reinhard Fleger <sup>%</sup>	2
2	Ms Rupa Vora	4
3	Mr Mrinal Chandran	4

<sup>%</sup> also attended the Meeting held on November 11, 2016 via video conferencing

In accordance with the provisions of Section 178 of the Act, the Nomination & Remuneration Committee of the Company has formulated a policy i.e. Nomination and Remuneration Policy on appointment of director, which sets out the criteria for determining qualifications, positive attributes, independence of a Director, fit & proper criteria. The Policy has been enclosed as Annexure 'C'.

**c. Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee monitors the Corporate Social Responsibility Policy of the Company and allocates the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013.

**Composition of the Corporate Social Responsibility Committee as on March 31, 2017**

- 1 Mr. Andreas Kutzner, Managing Director & CEO
- 2 Ms. Rupa Vora, Independent Director
- 3 Mr. Mrinal Chandran, Independent Director

**Meetings held during the Financial Year 2016-17:**

Sr. No	Date of the Meeting
1	May 26, 2016
2	November 11, 2016

**Attendance record:**

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Andreas Kutzner	2
2	Ms. Rupa Vora	2
3	Mr. Mrinal Chandran	2

**Update on CSR activities of the Company for F.Y. 2016-17**

During the year, the Company has spent Rs. 20,115,348 on CSR activities. The CSR executive team consisting employee volunteers executes the CSR activities approved by CSR Committee to ensure that funds spent on CSR programs are creating the desired impact on the ground. During the year, the Company made commitment of Rs. 32,433,746 to 6 NGOs in the field of education and empowerment of less-privileged children, youth and women, water conservation and providing sanitation facilities and hygiene education in furtherance of the objectives of its CSR Policy. The actual spend on the CSR activities for the year 2016-17 was Rs. 20,115,348. There was a marginal underspend in the CSR objective, due to lack of demand raised by an NGO vis-à-vis planned and sanctioned amounts in the beginning of the year.

The Annual Report on CSR activities has been enclosed as Annexure 'D'.

The CSR Policy was revised by the Board on May 26, 2016 and September 09, 2016 and is available on the website of the Company.

#### **d. Asset and Liability Management Committee**

The Company has duly constituted the Asset and Liability Committee to monitor the asset liability framework of the Company in accordance with RBI guidelines in this regard

#### **Composition of the Asset Liability Management Committee as on March 31, 2017:**

- 1 Mr Andreas Kutzner, Managing Director & CEO
- 2 Mr Gokhan Cinar, Managing Director & CFO
- 3 Mr Praafull Bakshi, Head of Risk Management
- 4 Mr Kaushal Mithani, Head of Treasury
- 5 Mr Claus Rothenhofer, Head of Credit
- 6 Ms Harshada Pathak, Company Secretary & Compliance Officer

#### **Meetings held during the Financial Year 2016-17:**

<b>Sr. No</b>	<b>Date of the Meeting</b>
1	June 09, 2016
2	September 26, 2016
3	December 07, 2016
4	March 09, 2017

#### **Attendance record:**

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Number of Meetings attended</b>
1	Mr Pieter Griep <sup>#</sup>	2
2	Mr Andreas Kutzner	4
3	Mr Gokhan Cinar <sup>*</sup>	1

<sup>#</sup> resigned as Managing Director & CFO w e f 31<sup>st</sup> December, 2016

<sup>\*</sup> appointed as Managing Director & CFO w e f 1<sup>st</sup> January, 2017

#### **e. Risk Management Committee & Framework:**

The Company as part of its Risk Management Framework continuously identifies, assesses and manages its strategic/market, equity, credit, liquidity, operational, compliance, legal and reputational risk and also ensures that appropriate frameworks for risk management operate in the Company. Thereby, it adequately identifies and addresses the elements of risk faced by the business

The said Risk Management Framework has been adopted by the Board of Directors as the Risk Management Policy of the Company under the regulatory requirement

The Company has constituted a Risk Management Committee in accordance with RBI directions in this regard

**Composition of the Risk Management Committee as on March 31, 2017:**

- 1 Mr Andreas Kutzner, Managing Director & CEO
- 2 Mr Gokhan Cinar, Managing Director & CFO
- 3 Mr Praafull Bakshi, Head of Risk Management
- 4 Mr Claus Rothenhofer, Head of Credit
- 5 Ms Harshada Pathak, Company Secretary & Compliance Officer

**Meetings held during the Financial Year 2016-17:**

Sr. No	Date of the Meeting
1	June 29, 2016
2	October 06, 2016
3	December 08, 2016
4	March 29, 2017

**Attendance record:**

Sr. No	Name of Directors	Number of Meetings attended
1	Mr Pieter Griep #	3
2	Mr Andreas Kutzner	3
3	Mr Gokhan Cinar*	1

#resigned as Managing Director & CFO w e f 31<sup>st</sup> December, 2016

\* appointed as Managing Director & CFO w e f 1<sup>st</sup> January, 2017

**VIGIL MECHANISM**

The Company encourages a free and open culture in its dealings with its employees, vendors, business partners and hence establishes Whistle Blowing system which serves as vigil mechanism as envisaged in section 177 (9) of the Companies Act, 2013, for the directors and employees to report their genuine concerns or grievances. The whistle blowing mechanism provides for adequate safeguards against victimization of persons who use such mechanism and is monitored by the Audit Committee. One alert was received by the Company during the year through Whistle Blowing system which was duly addressed and reported to the Audit Committee.

**ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD**

The formal annual evaluation of the performance of the Board and that of its Committees has been carried out through a structured evaluation process covering various aspects of the Board's functioning such as the Board structure & composition, effectiveness of Board processes, information flow and functioning, quality of relationship between the Board and the Management, establishment and delineation of the responsibilities to Committees etc. The performance of individual Directors was evaluated on parameters such as professional conduct, performance of duties, role and function, contribution to the Board/Committees/Senior management etc. by peer review and self-evaluation process.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company

**DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:**

The disclosures as required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this Report and the details are mentioned below

**Details under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year is given as Annexure 'E' Independent Directors do not receive any remuneration from the Company apart from sitting fees
- (ii) The percentage increase in remuneration of Chief Executive Officer is 3% and that for Company Secretary is 6% Owing to change in the office of Chief Financial Officer during the year, the percentage increase in remuneration of Chief Financial Officer is not provided
- (iii) The percentage increase in the median remuneration of employees in the financial year is **14%**
- (iv) The number of permanent employees on the rolls of Company as on March 31, 2017 **284.**
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration, The average percentile increase made in the salaries of employees other than Managerial Personnel in the last financial year was 10% as compared to an average of 3% for Managerial Personnel
- (vi) It is hereby confirmed that the remuneration paid to Directors and KMPs is as per the Remuneration Policy approved by the Nomination & Remuneration Committee

**Details under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Please refer table in Annexure 'E' for the details under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### **Payment of Remuneration / Commission to Directors from holding company**

The Managing Directors of the Company are not in receipt of remuneration/commission from the holding Company

### **AUDITORS AND REPORTS**

The matters related to Auditors and their Reports are as under

#### **Ratification of Appointment of Auditors**

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s Price Waterhouse, Chartered Accountants, the Statutory Auditors of the Company, hold office up to the conclusion of the Annual General Meeting (AGM) for Financial year 2017-2018, subject to ratification in every AGM. The consent of the Auditors along with certificate under Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been obtained from the Auditors to the effect that their ratification, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company.

The Board recommends the ratification of M/s Price Waterhouse, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the forthcoming AGM up to the conclusion of the next AGM of the Company.

Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of AGM for seeking approval of members.

#### **Observations of Statutory Auditors on Accounts for the year ended 31<sup>st</sup> March 2017**

The Statutory Auditors report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Act.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

### **SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

Provisions of Section 204 read with Section 134(3) of the Act, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. M/s Aashish K Bhatt & Associates, Practicing Company Secretaries had been appointed to carry on the Secretarial Audit and provide a Secretarial Audit Report for the financial year 2016-17.

Secretarial Audit Report issued by M/s Aashish K Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2016-17 forms part to this report and is enclosed as Annexure 'F'. The Company's position regarding CSR expenditure being less than mandatory requirement is already explained in update on CSR activities of the Company for F Y 2016-17.

## **OTHER DISCLOSURES**

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 and allied laws are furnished as under

### **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) of the Act, Extract of the Annual Return for the financial year ended 31<sup>st</sup> March 2017 made under the provisions of Section 92(3) of the Act in Form MGT-9 is enclosed as Annexure 'G' which forms part of this Report

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

There are no significant details to be disclosed under the provisions of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption having regard to the nature of activities undertaken by the Company during the year under review

During the year under review, the Company has incurred foreign exchange Gain (Net) of INR 16 lacs Refer note no 23 of the notes to Financial Statements for details on use of foreign exchange

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 The Company has set up an Internal Complaints Committee to redress complaints received regarding sexual harassment All employees (Permanent, contractual, temporary, trainees) are covered under this policy The Internal Complaints Committee reports to the Audit Committee of the Company, which in turn reports to Board of Directors of the Company

The Company has not received any sexual harassment complaints during the year 2016-17

### **DISCLOSURE PERTAINING NON CONVERTIBLE DEBENTURES**

The Secured, Redeemable Non-convertible Debentures issued by the Company are listed on BSE Limited During the year under review, the Company has issued 4,000 and 1,000 Secured, Redeemable Non-convertible Debentures of Rs 10,00,000 each respectively on September 20, 2016 and October 10, 2016 and redeemed 1,000 and 2,000 Secured, Redeemable Non-convertible Debentures of Rs 10,00,000 each respectively on December 09, 2016 and January 27, 2017 Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) has been appointed to act as the trustee for the Debenture holders

The contact details of the debenture trustees are mentioned below.

Vistra ITCL (India) Limited

(formerly known as IL&FS Trust Company Limited)

ILFS Centre, Plot C-22, G-Block, 7th Floor

Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051

Contact No 022-2659 3612

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

## **ACKNOWLEDGEMENTS AND APPRECIATION**

Your Directors take this opportunity to thank the customers, employees, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company

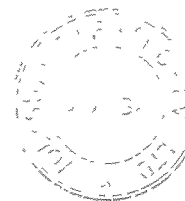
**For and on behalf of the Board**



**Andreas Kutzner**  
**Managing Director & CEO**  
**DIN: 07232849**



**Gokhan Cinar**  
**Managing Director & CFO**  
**DIN: 07649354**



Date June 16, 2017

Place Mumbai

### **Registered Office**

3rd Floor, Wing - A, Silver Utopia

Cardinal Gracious Road, Chakala, Andheri 400099

CIN U65999MH2009FTC189640

Tel No +91 22 39521000, Fax No +91 3952 1001



**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

Since the Company is in captive finance segment catering to finance of vehicles manufactured by Volkswagen Group, its progress is closely aligned to the development of automobile industry unlike other NBFCs

**Business Environment for Automobile Industry**

**Production**

The industry produced a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2017 as against 24,016,599 in April-March 2016, registering a growth of 5.41 percent over the same period last year

**Domestic Sales**

The sales of Passenger Vehicles grew by 9.23 percent in April-March 2017 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 3.85 percent, 29.91 percent and 2.37 percent respectively during April-March 2017 over the same period last year.

The overall Commercial Vehicles segment registered a growth of 4.16 percent in April-March 2017 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04 percent and Light Commercial Vehicles grew by 7.41 percent during April-March 2017 over the same period last year.

Passenger Carrier sales declined by (-) 8.83 percent and Goods Carrier sales grew by 12.75 percent in April-March 2017 over April-March 2016.

Two Wheelers sales registered a growth at 6.89 percent during April-March 2017 over April-March 2016. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 11.39 percent, 3.68 percent and 23.02 percent respectively in April-March 2017 over April-March 2016.

## Automobile Domestic Sales Trends

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	26,29,839	26,65,015	25,03,509	26,01,236	27,89,208	30,46,727
Commercial Vehicles	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704	7,14,232
Three Wheelers	5,13,281	5,38,290	4,80,085	5,32,626	5,38,208	5,11,658
Two Wheelers	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,511
<b>Grand Total</b>	<b>1,73,61,769</b>	<b>1,77,93,701</b>	<b>1,84,23,223</b>	<b>1,97,24,371</b>	<b>2,04,68,971</b>	<b>2,18,62,128</b>

Source Society of Indian Automobile Manufacturers

## PRODUCT WISE PERFORMANCE

The Product wise performance of the Company is elaborated in the Directors Report

## OUTLOOK, OPPORTUNITIES AND THREATS

India is projected to grow by 7.7 per cent in fiscal 2017 from strong private consumption and gradual introduction of significant domestic reforms. The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. In particular, the upcoming implementation of the Goods and services tax is expected to enhance the efficiency of production and movement of goods and services across Indian states.

Challenges remain, however and a key concern for is the health of the banking system, which is still dealing with a large amount of bad loans. Also, over the past few months, the economy has been hit by cash shortages, due to demonetization impact, though this has started dissipating from March 17 as cash shortages ease. The biggest international risks foreseeable include rising oil prices, trade-related tensions between major economies, and growing protectionism.

For 2017-18, RBI has projected inflation to average 4.5% in the first half of the year and 5% in the second half. The RBI also expects the El Niño event around July-August 2017 and one-off effects of the implementation of Goods and Services Tax (GST) regime to put upward pressures on the headline inflation.

(Source: IMF News, RBI)

Your directors expect that with a strong and stable government in center, growing GDP rate, the Company's inherent strong business model with foray into leasing business, focus on digitalization and automation to provide enhanced customer experience, the continued confidence of investors and support of the lending institutions to the Company's fund mobilization activities on account of good track record of debt servicing, your Company should achieve better performance in the FY2017-18.

## **RISKS AND CONCERNS**

Credit risk, Market risk, Operational risk and Liquidity risk are the key risks inherent to the business of the Company. The Company has established a robust risk management framework to manage these risks and is continuously engaged in reinforcing risk management practices.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal control systems and their adequacy is more elaborately discussed in the Directors' Report.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Financial Performance and operational performance form part of the Directors' Report.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

There has been no material development in human resources front apart from changes in Key Managerial Persons as stated in the Directors' Report and there were 284 Permanent Employees on the rolls of the Company as on March 31, 2017.

# **Policy for Related Party Transactions**

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## **1. Area of application**

This Policy is applicable to all employees of Volkswagen Finance Pvt Ltd (VWFPL)

## **2. Basis**

This policy is based on the requirements of the Circular on Revised Regulatory Framework for NBFCs dated November 10, 2014, New Companies Act 2013 and Accounting Standard 18

## **3. Purpose**

This Objective of this Policy is to establish requirements for the disclosure of

- Related party relationships and
- Transactions between Volkswagen Finance Pvt Ltd and its related parties

## 4. Responsibility

### RACI Matrix

Task/ Position	All Depts	Compliance	Legal	Controlling	Accounting	Both MDs	Board of Directors and Shareholders
Initiation of New transaction	R	I	I	I	I	A	NA
Identification of Related Party and nature of relationship with VWF	I	R	I	I	I	I	NA
Nature of transaction and contract duration	R	I	I	I	I	I	NA
Contract Value	R	I	I	I	I	I	NA
Method of pricing and commercial terms	R	I	I	A	A	I	NA
Justification of Arms Length Transaction and Ordinary course of business	R	I	I	I	A	I	NA
Quarterly reporting on the Related Party Transactions	I	R	I	I	R	I	A
Presentment and approval of all new related party transactions to Board and Shareholders	NA	R	NA	NA	NA	NA	A
Change in Policy	NA	I	NA	NA	R	A	I

**R- Responsibility, I- Information, A-Approval**

## 5. Definition of 'related party' as per Companies Act, 2013

'Related Party' with reference to a company means-

- (1) a director or his relative,
- (2) a key managerial personnel or his relative,
- (3) a firm, in which a director, manager or his relative is a partner,
- (4) a private company in which a director or manager or his relative is a member or director,
- (5) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital,
- (6) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager,
- (7) any person on whose advice, directions or instructions a director or manager is accustomed to act,

**Provided** that nothing in clauses (6) and (7) shall apply to the advice, directions or instructions given in a professional capacity

- (8) a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party,

'relative', with reference to any person, means anyone who is related to another, if-

- (a) they are members of a Hindu Undivided Family,
- (b) they are husband and wife, or
- (c) Father including step-father.
- (d) Mother including step-mother
- (e) Son including step-son
- (f) Son's wife
- (g) Daughter
- (h) Daughter's husband
- (i) Brother including step-brother
- (j) Sister including step-sister



## 6. Definition of 'related party' as per Accounting Standard 18

'Related Party' with reference to a company means-

- (a) enterprises that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Volkswagen Finance Private Limited (this includes holding companies, subsidiaries and fellow subsidiaries,
- (b) associates and joint ventures of Volkswagen Finance Private Limited and the investing party or venture in respect of which Volkswagen Finance Private Limited is an associate or a joint venture,
- (c) individuals owning, directly or indirectly, an interest in the voting power of Volkswagen Finance Private Limited that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) key management personnel and relatives of such personnel, and
- (e) enterprises over which any person described in (c) or (d) is able to exercise significant influence This includes enterprises owned by directors or major shareholders of Volkswagen Finance Private Limited and enterprises that have a member of key management in common with Volkswagen Finance Private Limited

## 7. Related Party Transactions as per Companies Act, 2013

Section 188 of the Companies Act, 2013 describes in detail the related party transactions as follows

- (1) Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to -
- (a) sale, purchase or supply of any goods or materials,
  - (b) selling or otherwise disposing of, or buying, property of any kind,
  - (c) leasing of property of any kind,
  - (d) availing or rendering of any services,
  - (e) appointment of any agent for purchase or sale of goods, materials, services or property,
  - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company, and
  - (g) underwriting the subscription of any securities or derivatives thereof, of the company
- 
- Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as maybe prescribed, shall be entered into except with the prior approval of the company by a resolution
  - Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an *arm's length basis*
  - Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

## Explanation-

In this sub-section-

- the expression “office or place of profit” means any office or place—
    - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise,
    - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise,
  - the expression “arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest
- (2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.
- (3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it
- (4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

## **8. Related Party Transactions as per Accounting Standard 18**

The following are examples of the related party transactions in respect of which disclosures need to be made by Volkswagen Finance Pvt Ltd

- (a) purchases or sales of goods (finished or unfinished),
- (b) purchases or sales of fixed assets,
- (c) rendering or receiving of services,
- (d) agency arrangements,
- (e) leasing or hire purchase arrangements,
- (f) transfer of research and development,
- (g) licence agreements,
- (h) finance (including loans and equity contributions in cash or in kind),
- (i) guarantees and collaterals, and
- (j) management contracts including for deputation of employees

## **9. 'Arm's Length Transaction' as per Companies Act, 2013**

Arm's length transaction" has been defined under section 188 of the Companies Act 2013, to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

## **10. 'Arm's Length Transaction' as per Accounting Standard 18**

There is a general presumption that transactions entered into are consummated on an arm's length basis between independent parties. However, that presumption may not be valid when related party relationships exist because related parties may enter into transactions which unrelated parties would not enter into. Also, transactions between related parties may not be effected at the same terms and conditions as between unrelated parties

## **11. Process for obtaining Omnibus approval from Audit Committee on annual basis**

The approval or any subsequent modification of transactions of the company with related parties is included in the terms of reference of Audit Committee as per Section 177(4)(iv) of the Companies Act, 2013

### Omnibus approval for related party transactions on annual basis:

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely

- (1) The Audit Committee shall at the first Board Meeting of the Company held in every Financial Year, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval for transactions with related parties (as defined in point no 5 above) proposed to be entered for that financial year. The criteria shall include the following, namely -
  - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year,
  - (b) the maximum value per transaction which can be allowed,
  - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval,
  - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made,
  - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee

- (2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely -
- (a) repetitiveness of the transactions (in past or in future),
  - (b) justification for the need of omnibus approval
- (3) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company
- (4) The omnibus approval shall contain or indicate the following -
- (a) name of the related parties,
  - (b) nature and duration of the transaction,
  - (c) maximum amount of transaction that can be entered into,
  - (d) the indicative base price or current contracted price and the formula for variation in the price, if any, and
  - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction
- (5) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year
- (6) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company
- (7) Audit Committee may put such other condition as it may deem fit while granting omnibus approval
- (8) Prior approval of Audit Committee is required in case the transaction with related party (as defined under Companies Act, 2013) is not covered under omnibus approval or is exceeding the limits/conditions imposed while granting such omnibus approval

## 12. Process for approval and determining 'Arm's Length'

- (1) Compliance department shall at the starting of every year or on account of any change during the year share the list of related party with the Finance dept
- (2) Finance Department shall at the starting of every year or on account of any change during the year present a list of all the transactions proposed to be entered into by the Company with related parties on estimate basis. The Compliance department would in turn present the same to the Audit Committee who would deliberate and discuss on the nature of the above transactions and provide approval
- (3) Any employee/ department intending to enter into a contract or arrangement shall present to Finance dept for prior approval along with the justification for entering into such contract(s) or arrangement(s) If the Finance dept arrives at a conclusion that the transaction is not in the ordinary course of business and / or not at arm's length then the said employee/ department intending to enter into a contract or arrangement shall present to Compliance department disclosures in the following format BEFORE entering into the contract or arrangement
  - a) the name of the related party and nature of relationship
  - b) the nature, duration of the contract and particulars of the contract or Arrangement
  - c) the material terms of the contract or arrangement including the value, if any
  - d) whether the transaction is in the ordinary course of business
  - e) any advance paid or received for the contract or arrangement, if any
  - f) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
  - g) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors
  - h) any other information relevant or important for the Board to take a decision on the proposed transaction

The Compliance department would in turn present the same to the Audit Committee and the Board of Directors who would deliberate and discuss on the nature of the above transactions and provide approval

Any employee/ department except with the PRIOR approval of the company by a resolution in the shareholders meeting shall not enter into a transaction or transactions, where the transaction or transactions to be entered into -

(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below –

- (i) sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to ten per cent or more of the turnover of the company or rupees one hundred crore, whichever is lower as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188,
- (ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to ten per cent or more of the turnover of the company or rupees one hundred crore, whichever is lower as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188,
- (iii) leasing of property of any kind amounting to ten per cent or more of the net worth of the company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188,
- (iv) availing or rendering of any services directly or through appointment of agents amounting to ten per cent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) of sub-section (1) of section 188,



Explanation-

The limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year

- (b) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188, or
- (c) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188

Explanation-

(1) The Turnover or Net Worth referred in the above clauses shall be on the basis of the Audited Financial Statement of the preceding Financial year

(2) In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company

- (4) This document would need to be duly authorised by the Head of Department who is initiating the transaction and approved by Finance dept to confirm whether the party is a related party
- (5) Finance department shall provide on quarterly basis the list of related party transactions pursuant to AS -18 to the Compliance dept. to be placed before the Audit Committee/ Board of Director / Shareholders Meeting for its review with the comment that the contract or arrangement is/ is not in the ordinary course of business and/ or at / at not Arm's Length and/or exceeding the prescribed limits Finance department shall also provide for review at such interval as the Audit

Committee may direct, update on transactions entered during the period pursuant to each of the omnibus approval granted by the audit committee

- (6) The employee/ department would need to document and justify as to how the pricing of the transaction is at 'Arm's Length'.

The pricing at 'Arm's Length' can be supported by

- Comparing the terms of the related party transaction to those of an identical or similar transaction with one or more unrelated parties
- Engaging an external expert to determine a market value and to confirm market terms and conditions for the transaction

### **13. Disclosure Requirements**

The Company shall disclose the details of related party transactions in its Annual Report as per requirements of applicable accounting standards and applicable provisions of Companies Act, 2013

### **14. Amendment to the Policy**

Any amendment to this policy shall be approved by Managing Director (Back Office) and Managing Director (Front Office) and shall be disseminated to the employees and noted by the Board of Directors

# **Guideline\_ Director's Appointment and Remuneration**

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## 1. Purpose

The purpose of this guideline is to define the overall framework of for determining appointment of directors which includes qualifications, positive attributes, fit and proper criteria and Independence on a continuing basis at Volkswagen Finance Private Limited (VWFPL) India

## 2. Applicability

This guideline has been developed in consonance to Section 178 of the Companies Act, 2013, Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India in 2014 and RBI Circular no RBI/2014-15/299, DNBR (PD) CC No 002/03 10 001/2014-15 dated November 10, 2014, Notification No DNBR 019/CGM (CDS)-2015 dated April 10, 2015 and such other applicable section of the Companies Act, 2013 and Regulation of RBI as may be applicable from time to time

## 3. Introduction

The Board of Directors should have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties and responsibilities effectively

The search for directors should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender

## 4. Evaluation of Fit & Proper Criteria:

- 1 Due diligence to be undertaken to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria VWFPL should obtain necessary information and declaration from the proposed / existing directors for the purpose
- 2 The process of due diligence should be undertaken by VWFPL at the time of appointment / renewal of appointment
- 3 It is the responsibility of the Nomination & Remuneration Committee to scrutinize the declarations
- 4 Based on the information provided in the signed declaration, Nomination & Remuneration Committee should decide on the acceptance or otherwise of the Directors, where considered necessary

5 VWFPL should obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith

6 The Board of the VWFPL must ensure in public interest that the nominated/ elected directors execute the deeds of covenants

## **5. Criteria for determining Independence of Director:**

An Independent Director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director of VWFPL,—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience,

(i) who is or was not a promoter of the company or its holding, subsidiary or associate company,

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company,

(b) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year,

(c) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year,

(e) who, neither himself/ herself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed,

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company, or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm,

(iii) holds together with his relatives two per cent or more of the total voting power of the company, or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company, or

(f) who possesses such other qualifications as may be prescribed

A certificate shall be obtained annually to determine the Fit and Proper Criteria and Independence of the Director on continuous basis

Nomination and Remuneration Committee would recommend the appointment or otherwise of Directors to the Board of Directors for their approval. The Board shall appoint the directors on such terms and conditions including the remuneration as may be decided by the Board and in accordance with the Companies Act 2013 and such other regulations for the time being in force

#### **6. Criteria for appointing Managing Director:**

Appointment of any Managing Director of the Company would be proposed by the majority shareholder of the Company to the Nomination and Remuneration Committee. The Nomination & Remuneration Committee would propose their appointment in accordance with the Companies Act 2013 and RBI regulation as may be amended from time to time, to the Board of Directors

#### **7. Qualification to become Director:**

An Individual shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, experience in Banking or Non-Banking Financial Company or other disciplines related to the company's business or as may be further required by the Board



#### **8. Evaluation Mechanism:**

- (1) The performance evaluation of directors including independent directors shall be done by the entire Board of Directors, excluding the director being evaluated
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the director including independent director

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

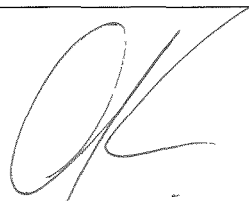
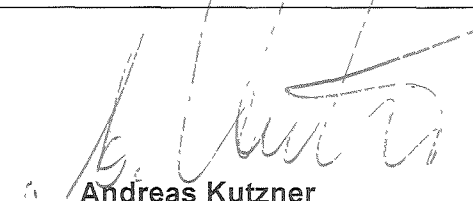
A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to be web-link to the CSR policy and projects or programs	The Company has framed its CSR Policy including the projects to be undertaken by the CSR Committee. The members have further formed a CSR team consisting of efficient members to evaluate the projects and NGOs for a better cause. The Company would undertake the projects mainly into promoting education and rural development. The detailed information is available in the CSR Policy framed by the Board of Directors and also available at the below web link <a href="http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-indiacoin/en/home/compliance.html">http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-indiacoin/en/home/compliance.html</a>
The Composition of CSR Committee	Mr. Andreas Kutzner Mr. Mrinal Chandran Ms. Rupa Vora
Average net profit of the company for the last three financial years	Rs 1,013,821,129/-
Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs 32,433,746/- (including surplus unspent Rs 12,157,323)
Details of CSR spent during the financial year	
a) Total amount to be spent for the financial year,	Rs 32,433,746/-
b) Amount unspent, if any,	Rs 12,318,398/-
c) Manner in which the amount spent during the financial year is detailed below	

Sr No	CSR projects or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			(1) Local are or other	(2) Specify the state and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads		
1	Watershed Development & Sustainable agriculture practices	Community development	Local	Aurangabad - Maharashtra	70,67,200	66,04,860	462,340 (7%)	70,67,200	Through Implementing Agency - Watershed Organization Trust
2	Greenfields	Child Education	Other	Faridabad - Haryana	16,00,000	14,54,545	145,455(10%)	16,00,000	Through Implementing Agency - SOS Children's' Villages of India
3	Alibaug	Child Education	Local	Alibaug - Maharashtra	16,00,000	14,54,545	145,455(10%)	16,00,000	Through Implementing Agency - SOS Children's' Villages of India
4	Latur	Child Education	Other	Latur - Gujarat	16,00,000	14,54,545	145,455(10%)	16,00,000	Through Implementing Agency - SOS Children's' Villages of India
5	School fees and other school development project	Child education and community development	Local	Thane - Maharashtra	23,43,970	14,35,735	-	14,35,735	Through Implementing Agency - MaaNiketan Society

Sr No	CSR projects or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			(1) Local or other	(2) Specify the state and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads		
6	School fees and other school development project	Child Education	Local	Buldhana- Maharashtra	906,933	906,933	-	906,933	Through Implementing Agency – Avanti Fellows at JNV Buldhana
7	School fees and other school development project	Child Education	Local	Wardha- Maharashtra	906,933	906,933	-	906,933	Through Implementing Agency – Avanti Fellows at JNV Wardha
8	School fees and other school development project	Child Education	Local	Gondhia- Maharashtra	906,933	906,933	-	906,933	Through Implementing Agency – Avanti Fellows at JNV Gondhia
9	Infrastructure costs of 8 Computer Learning and Resource Centre (CLRC)	Community Development	Local	Mumbai- Maharashtra	20,00,000	20,00,000	-	20,00,000	Through Implementing Agency – VIDYA
10	Construction of School Toilets	Community Development	Other	Silvassa- Gujarat	636,000	567,858	68,142(12%)	636,000	Through Implementing Agency – Habitat for Humanity
11	Construction of School Toilets	Community Development	Other	Bangalore- Karnataka	780,850	697,187	83,663(12%)	780,850	Through Implementing Agency – Habitat for Humanity

\*Give details of implementing agency:

<p>In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report</p>	<p>The CSR team consisting employee volunteers has made dedicated efforts in executing the CSR activities as per CSR objectives partnering with various NGOs and projects. There was a marginal underspend of Rs 161,075 from the budgeted expenditure for CSR for FY 2016-17 and Rs 12,157,323 from the unspent CSR budget carried forward from previous years. The Company has planned CSR activities and has made commitment with the respective NGOs. However, there was a marginal underspend in the CSR objective due to lack of demand raised by an NGO vis-à-vis planned and sanctioned amounts in the beginning of the year.</p>
<p>A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company</p>	<p>The CSR Committee shall undertake the CSR activities in compliance with the guidelines framed in the CSR Policy and meet the CSR objectives of the Company</p>

 <b>Gokhan Cinar</b> (Managing Director & Chief Financial Officer)	 <b>Andreas Kutzner</b> (Managing Director & Chief Executive Officer and Chairman of CSR Committee)
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Annexure E to Directors Report

The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17

Sr No	Name of Director	Designation	Remuneration	Median Remuneration of Employees of the company	Ratio of Directors Remuneration to Median
1	Pieter Gnep	Managing Director – Back Office	23,190,711	800,000	28.99
2	Andreas Kutzner	Managing Director – Front Office	29,185,629	800,000	36.48
3	Gokhan Cinar	Managing Director – Back Office	13,850,365	800,000	17.31

Details under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr No	Name of Employees	Designation	Remuneration	Nature of Employment, whether contractual or otherwise	Qualifications and experience	Date of commencement of employment	Age	Last employment before joining the company	% of Equity Shares held, incase more than 2%	Name of Director or manager who is relative
1	Andreas Kutzner	Managing Director – Front Office	29,185,629	Contractual	Bachelor in Business Management 36 years	1-Jun-15	57	Volkswagen Bank Greece	NA	NA
2	Claus Rothenhoefer	Head of Credit Assessment	24,854,408	Contractual	Bachelor Degree 20 years	1-Jan-15	47	VWFS Mexico	NA	NA
3	Pieter Gnep	Managing Director – Back Office	23,190,711	Contractual	MBA 12 Years	1-Jan-14	48	Volkswagen PON Financial Services BV, Nietherlands	NA	NA
4	Alexander Bargstaedt	Head of Business Transformation	18,931,157	Contractual	Masters of Art 16 Years	1-Oct-15	36	VWFS AG, Germany	NA	NA
5	Gokhan Cinar	Managing Director – Back Office	13,850,365	Contractual	Post Graduate in International Finance, 17 years	1-Dec-16	40	Volkswagen Doğuş Finansman A Ş , Turkey	NA	NA
6	Detlef Gottschlich	Head of IT	6,942,322	Contractual	Graduate in Business Information systems 21 years	1-Feb-14	51	VWFS AG, Germany	NA	NA
7	Chandramouli Vaidyanathan	Head of Risk & Compliance	7,773,933	Permanent	Bachelor Degree in Mathematics 24 years	15-Nov-10	51	HDFC Bank	NA	NA
8	Aashish Deshpande	Head of Business Development and Marketing	7,198,275	Permanent	MBA 20 years	1-Feb-15	42	Skoda Auto India Pvt Ltd	NA	NA
9	Kaushal Mithani	Head of Treasury	6,328,610	Permanent	C A 18 Years	3-Jan-11	42	Bunge India Private Limited	NA	NA
10	Kirti Maheshwan	Head of Sales and Distribution	5,078,494	Permanent	MBA 21 Years	20-Dec-10	45	ICICI Bank Ltd	NA	NA



# AASHISH K. BHATT & ASSOCIATES

## Practising Company Secretaries

Aashish K. Bhatt  
B Com , A C S , PGDSL

Form no MR -3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

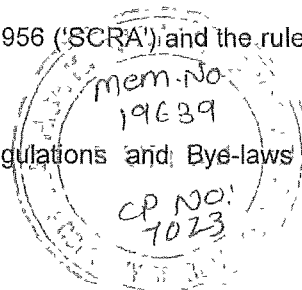
To,  
The Members,  
**Volkswagen Finance Private Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **Volkswagen Finance Private Limited** (hereinafter called "the Company") Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on my verification of the company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of

- i The Companies Act, 2013 (the Act) and the rules made thereunder,
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder,
- iii The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder,



*A. Bhatt*

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable :-
  - a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Following regulations and guidelines as prescribed under the SEBI Act were not applicable to the Company during the financial year under report.-

- a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009,
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009,
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- f) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have also examined compliances with applicable clauses of:

- vi Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committees Meetings (i.e Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee);

mem No:  
19639  
CP No:  
7023

*AK Bhatt*



- vii The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and The Listing Agreement entered by the Company with BSE Limited for listing of Non Convertible Debentures (NCDs)

During the financial year under report, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above except under section 135 of the Act, wherein during the year, the Company has unspent amount on CSR activities. The CSR team consisting employee volunteers has made dedicated efforts in executing the CSR activities as per CSR objectives partnering with various NGOs and projects. There was a marginal underspend of Rs 161,075 from the budgeted expenditure for CSR for F Y 2016-17 and Rs. 12,157,323 from the unspent CSR budget carried forward from previous years. The Company has planned CSR activities and has made commitment with the respective NGOs. However, there was a marginal underspend in the CSR objective due to lack of demand raised by an NGO vis-à-vis planned and sanctioned amounts in the beginning of the year.

Further I report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company

- i Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs,
- ii. Prevention of Money Laundering Act, 2002,
- iii Insurance Regulatory Development Authority of India (Registration of Corporate Agents) Regulations, 2015

I further report that.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

mem no:  
19639  
CP NO:  
1023  
A. K. Bhatt

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision(s) are carried out unanimously, no dissenting views were expressed which are required to be captured and recorded as per the minutes

I have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws.

I further report that during the year under report, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- (i) Approval for commencement of operating lease business,
- (ii) Revision in remuneration of Managing Director,
- (iii) Issuance of Non Convertible Debentures on Private Placement Basis;
- (iv) Redemption of Non Convertible Debentures;
- (v) Appointment and Resignation of Managing Director and Chief Financial Officer,
- (vi) Re-constitution of Committees.

For Aashish K. Bhatt & Associates  
Company Secretaries  
(ICSI Unique Code S2008MH100200)

Place: Mumbai  
Date: 30/05/2017

Mem No.  
19639

CP No.  
7023



**Aashish Bhatt**

**Proprietor**

ACS No.: 19639

COP No.: 7023

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report

APPENDIX A

To,

The Members,

**Volkswagen Finance Private Limited**

My report of even date is to be read along with this letter

1. The responsibility of maintaining Secretarial record is of the management and based on my audit, I have expressed my opinion on these records
2. I am of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the secretarial records were reasonable for verification on test check basis
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. My examination was limited to the verification of procedure on test basis and wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations etc
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

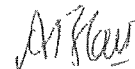
For Aashish K. Bhatt & Associates

Company Secretaries

(ICSI Unique Code S2008MH100200)

Mem No.

19639



COP No.

7023

Aashish Bhatt

Proprietor

ACS No.: 19639, COP No.: 7023

Place Mumbai

Date: 30/05/2017

## FORM MGT-9

Extract of Annual Return as on Financial Year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I REGISTRATION AND OTHER DETAILS

i) CIN - U65999MH2009FTC189640

ii) Registration Date - 1 6 0 1 2 0 0 9  
D D M M Y Y Y Y

iii) Name of the Company Volkswagen Finance Private Limited

iv) Category / Sub-Category of the Company - Company limited by shares/ Subsidiary of a Foreign Company

## v) Address of the Registered office and contact details

Address 3rd Floor, Wing - A, Silver Utopia Cardinal Gracious Road, Chakala, Andheri

Town/City Mumbai

State Maharashtra

Pincode 400099

Telephone with STD 022 39521000

Fax 022 39521001

Email Address vwfpcompliance.india@vwfs.com

Website, If Any www.volkswagen-finance-india.co.in

(In case of foreign company, please give address of principal place of business in India)

NA

Address

Town/City

State

Pincode

Telephone with STD

Fax

Email Address

[ Please provide valid and current email-id of the dealing officer]

vi) Whether shares listed on recognized Stock Exchange(s) - Yes/No No

If Yes, details of stock exchange where shares are listed

SI No Stock Exchange name Code

vii) Name, Address and Contact details of Registrar &amp; Transfer Agents, if any (FOR DEBENTURES LISTED)

Name of Registrar &amp; Transfer Agents Vistra ITCL (India) Limited

Address IL&amp;FS Centre, Plot C-22, G-Block, 7th Floor

Town/City Bandra Kurla Complex, Bandra ( East), Mumbai

State Maharashtra

Pincode 400 051

Telephone with STD 022 2659 3612

Area code

Number

Fax 022 2653 3297

Email Address itclcomplianceofficer@vistra.com

[ Please provide valid and current email-id of the dealing officer of RTA]

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated -

SI No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Financing Activity	64920	100

## III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Volkswagen Financial Services AG	NA	Holding	91.00%	Section 2(87) of the Companies Act, 2013

## IV Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A Promoters (1) Indian</b>									
a) Individual / HUF	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp	--	--	--	--	--	--	--	--	--
e) Bank / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1) -</b>	0	0	0	0	0	0	0	0	0
<b>(2) Foreign</b>									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp	--	1168802144	1168802144	100	--	1168802144	1168802144	100	NIL
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (2) -</b>	0	1168802144	1168802144	100	0	1168802144	1168802144	100	0
<b>Total Shareholding of Promoter</b>									
<b>(A) = (A)(1) + (A)(2)</b>									
<b>B Public Shareholding</b>									
<b>1 Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub- total (B) (1)</b>	0	0	0	0	0	0	0	0	0
<b>2 Non-Institutions</b>									
a) Bodies Corp	--	--	--	--	--	--	--	--	--
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital upto Rs 1 Lakh	--	--	--	--	--	--	--	--	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	--	--	--	--	--	--	--	--	--
c) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2) - Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	0	0	0	0	0	0	0	0	0
<b>C Shares held by Custodian for GDR's &amp; ADR's</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	1168802144	1168802144	100	0	1168802144	1168802144	100	0

## (ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Volkswagen Financial Services AG	1,063,609,937	91 00	--	1,063,609,937	91 00	--	--
2	Volkswagen Finance Overseas B V	105,192,207	9 00	--	105,192,207	9 00	--	--
	Total	1,168,802,144	100	--	1,168,802,144	100	--	--

## (iii) Change in Promoters' Shareholding ( please specify, if there is no change)

No Change

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	NOT APPLICABLE			
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e g allotment / transfer/ bonus/ sweat equity etc)	--	--	--	--
	At the End of the year	--	--	--	--

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	For Each of the Top 10	NOT APPLICABLE			
2	At the beginning of the year	--	--	--	--
3	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase/decrease (e g allotment / transfer/ bonus/ sweat equity etc)	--	--	--	--
4	At the End of the year (or on the date of separation, if separated during the year)	--	--	--	--

## (v) Shareholding of Directors and Key Managerial Personnel

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	For Each of the Directors and KMP				
1	At the beginning of the year	0	0	0	0
2	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase/decrease (e g allotment / transfer/ bonus/ sweat equity etc)	0	0	0	0
3	At the End of the year	0	0	0	0

## (v) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Amt in Rs
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,000,000,000	26,863,336,373	0	40,863,336,373
ii) Interest due but not paid	0	0	0	-
iii) Interest accrued but not due	541,253,823	28,352,168	0	569,605,991
<b>Total (i + ii + iii)</b>	<b>14,541,253,823</b>	<b>26,891,688,541</b>	<b>0</b>	<b>41,432,942,364</b>
Change in Indebtedness during the financial year				
* Addition	5,000,000,000	83,319,742,200	0	88,319,742,200
* Reduction	(3,000,000,000)	(82,929,053,083)	0	(85,929,053,083)
<b>Net Change</b>	<b>2,000,000,000</b>	<b>390,689,117</b>	<b>0</b>	<b>2,390,689,117</b>
Indebtedness at the end of the financial year				
i) Principal Amount	16,000,000,000	27,277,272,445	0	43,277,272,445
ii) Interest due but not paid	0	0	0	-
iii) Interest accrued but not due	690,092,329	7,772,677	0	697,865,005
<b>Total (i + ii + iii)</b>	<b>16,690,092,329</b>	<b>27,285,045,122</b>	<b>0</b>	<b>43,975,137,450</b>

## (VI) Remuneration of Directors and Key Managerial Personnel

## A Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl No	Particulars of Remuneration	Name of MD/WTD/Manager			Amt in Rs
		Mr Pieter Griep (MD and CFO) (resigned w e f December 31, 2016)	Mr Gokhan Cinar (appointed as MD and CFO w e f January 01, 2017)	Mr Andreas Kutzner (MD and CEO)	Total Amount
1	Gross Salary				
	Gross Salary	12,204,677	3,914,989	20,217,835	36,337,501
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,368,036	5,884,827	4,119,669	12,372,532
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	0
2	Stock Option	-	-	-	0
3	Sweat Equity	-	-	-	0
4	Commission	-	-	-	0
	- as % of profit	-	-	-	0
	- others, specify	-	-	-	0
5	Others - Non taxable perquisites and payments	8,617,999	4,050,549	4,848,125	175,167,73
	<b>Total (A)</b>	<b>23,190,711</b>	<b>13,850,365</b>	<b>29,185,629</b>	<b>66,226,705</b>
	<b>Ceiling as per the Act</b>	<b>Not Applicable</b>			

## B Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Director		Amt in Rs
		Mr Mrinal Chnadran	Ms Rupa Vora	Total Amount
1	Independent Directors			
	* Fee for attending Board & Committee Meetings	1,300,000	1,300,000	2,600,000
	* Commission	-	-	-
	* Others please specify	-	-	-
	<b>Total (1)</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>2,600,000</b>
2	Other Non-Executive Directors			
	* Fee for attending Board & Committee Meetings		0	0
	* Commission		0	0
	* Others please specify		0	0
	<b>Total (2)</b>		<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>2,600,000</b>
	<b>Total Managerial Remuneration</b>			<b>66,226,705</b>
	<b>Overall Ceiling as per the Act</b>	<b>Not Applicable</b>		

## C Remuneration to Key managerial personnel other than MD / Manager / WTD

Sl No	Particulars of Remuneration	Key Managerial Personnel			Amt in Rs
		CFO	Company Secretary	CEO	Total
		(please refer point VI (A))	Ms Harshada Pathak	(please refer point VI (A))	
1	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		1,977,060		1,977,060
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0		0
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0		0
			0		
2	Stock Option				0
3	Sweat Equity		0		0
4	Commission		0		0
	- as % of profit		0		0
	- others, specify		0		0
5	Others, please specify		0		0
	<b>Total</b>		<b>1,977,060</b>		<b>1,977,060</b>

## (VII) Penalties / Punishment / Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
NOT APPLICABLE					
<b>A Company</b>					
Penalty					
Punishment					
Compounding					
<b>B Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

