

VOLKSWAGEN FINANCE

PRIVATE LIMITED

Directors' Report
For the Financial Year ended March 31, 2023

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 31st March, 2023.

FINANCIAL PERFORMANCE

The Company's performance during the financial year 2022-23 as compared to the previous Financial Year is summarized below:

(Rs. In lakhs)

Particular	Standalone		Consolidated	
	Financial year ended March 31, 2023	Financial year ended March 31, 2022	Financial year ended March 31, 2023	Financial year ended March 31, 2022
Total Income	5,165.13	17,558.35	15,231.81	19,653.50
Less: Expenditure	(16,524.77)	2,660.54	(2,367.28)	7,740.68
Less: Exceptional item	(20,425.64)	(48,530.15)	(20,425.64)	(48,530.15)
Profit / (Loss) before tax	1,264.26	(33,632.34)	(2,826.55)	36,617.32
Less: Tax expense	-	8,731	(67.72)	8,733.61
Profit / (Loss) after Tax	1,264.26	(42,365.95)	(2,758.83)	(45,391.01)
Other Comprehensive Income (net of tax)	(19.46)	3.43	69.46	4.43
Total Comprehensive Income as per Ind AS	1,244.80	(42,362.52)	(2,828.29)	(45,386.58)

OPERATIONAL PERFORMANCE

For the Financial Year ended March 31, 2023, your Company has a Profit of Rs. 1,264.26 lakhs as against a loss of Rs. 33,632.34 lakhs in the previous Financial Year and the Profit/ (Loss) after Tax of Rs 1,264.26 lakhs as against loss of Rs. 42,365.95 lakhs in the previous Financial Year. The Total Income for the year under consideration was Rs. 5,165.13 lakhs and total expenditure was Rs. 16,524.77 lakhs. The loss on sale of the retail portfolio was Rs. 20,425.64 lakhs which is shown separately as an Exceptional Item.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 129 (3) of the Companies Act, 2013, Consolidated Financial Statements of the Company and its subsidiary Company Kuwy Technology Service Private Limited are attached to the Financial Statements. The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting

Standards) Rules 2015 as amended. The Audited Consolidated Financial Statements together with Auditors Report forms part of the Financial Statements. The Consolidated loss after tax for the year is Rs. 2,758.83 lakhs.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2023, stood at 237.40% 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%. The increase in the ratio is due to the reduction in the loan book.

COMPANY PERFORMANCE

During the year, the Company has made an application to the Reserve Bank of India for surrender of its NBFC license as there is no intention of continuing financial activities as its principle business. There was no new financing business undertaken by the Company for the year under review.

The Company sold the portfolio its Non-performing loans to ASREC (India) Limited and Tatkal (India) Private Limited.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has one subsidiary Company i.e. Kuwy Technology Service Private Limited. A report on the performance and financial position of the Subsidiary Company as per the Companies Act, 2013 is provided in the Consolidated Financial Statements.

Pursuant to Rule 5 of the Companies (Accounts) Rules, 2014, the details of Subsidiary Company as required in Form AOC-1 are enclosed as per Annexure "A".

COMPLIANCES PERTAINING TO DOWNSTREAM INVESTMENT

The Company has complied with FEMA provisions pertaining to Downstream Investment in Kuwy Technology Service Private Limited. In accordance with para 9.7.1 of the RBI Master Direction on Foreign Investment in India, the Company has also obtained certificate from Statutory Auditor and there are no adverse remarks.

DIVIDEND

With a view to conserve resources, your Directors do not recommend any dividend for the year under review.

TRANSFER TO RESERVES

During the year, the Company has transferred INR 252.85 lakhs to the Special Reserve under section 45 IC of the Reserve Bank of India Act, 1934.

SHARE CAPITAL

Authorised Share Capital

The Authorised Share Capital of the Company as on March 31, 2023 was INR 16,290,000,000/- (Indian Rupees Sixteen Billion Two Hundred Ninety Million Only) comprising of 1,629,000,000 equity shares of INR 10/- (Indian Rupees Ten only).

Paid-up Share Capital

The issued and paid-up Equity Share Capital as on March 31, 2023 was INR 11,688,021,440/- (Indian Rupees Eleven Billion Six Hundred Eighty-Eight Million Twenty-one Thousand Four Hundred Forty Only) comprising of 1,168,802,144 equity shares of INR 10/- (Indian Rupees Ten only).

The Company has neither issued any equity shares including shares with differential rights as to dividend, voting or otherwise, nor has issued any sweat equity, Employee Stock Options, during the year under review.

Reduction of Share Capital

During the year the Company had filed petition with the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), to cancel 34,300,000 Category 'A' equity shares of Rs. 10 each, fully paid up held by Volkswagen Finance Overseas B.V. out of total existing paid up Category 'A' equity share capital of the Company of INR 1,051,922,070 divided into 105,192,207 equity shares of Rs. 10 each, fully paid up and cancel 347,000,000 Category 'B' equity shares of Rs. 10 each, fully paid up held by Volkswagen Financial Services A.G. out of total existing paid up Category 'B' equity share capital of the Company of INR 10,636,099,370 divided into 1,063,609,937 equity shares of Rs. 10 each, fully paid up and that such reduction shall be effected by proportionately returning to Volkswagen Finance Overseas B.V. and Volkswagen Financial Services A.G. an aggregate total amount of INR 3,016,083,000 (Indian Rupees Three Billion Sixteen Million Eight-Three Thousand Only).

The Board vide circular resolution dated December 13, 2022 approved the withdrawal of petition filed for reduction of capital due to delay in hearing of the matter at the court due to shortage of officers and paucity of time.

Thereafter, upon receiving shareholders' approval on February 9, 2023 a fresh petition was filed with NCLT to cancel 58,290,000 Category 'A' equity shares of Rs. 10 each, fully paid up held by Volkswagen Finance Overseas B.V, out of total existing paid up Category 'A' equity share capital of the Company of INR 1,051,922,070 divided into 105,192,207 equity shares of Rs. 10 each, fully paid up and cancel 589,378,000 Category 'B' equity shares of Rs. 10 each, fully paid up held by Volkswagen Financial Services A.G, out of total existing paid up Category 'B' equity share capital of the Company of INR 10,636,099,370 divided into 1,063,609,937 equity shares of Rs. 10 each, fully paid up and that such reduction shall be effected by proportionately returning to Volkswagen Finance Overseas B.V and Volkswagen Financial Services A.G an aggregate total amount of INR 4,999,996,960 (Indian Rupees Five hundred millions only).

The matter was heard by NCLT on 8th June, 2023 & order was passed approving the same. The capital amount of Rs. INR 4,999,996,960 (Indian Rupees Five hundred millions only). was successfully repatriated on 9th August, 2023.

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- CHANGES IN THE OVERALL BUSINESS STRATEGY

Pursuant to the decision of the Board of Directors at their meeting held on October 12, 2022, the Company has sold its Non-performing loans to ASREC (India) Limited. Further, the Board of Directors at its meeting held on March 09, 2023 approved the sale of its standard portfolio to Tatkal (India) Private Limited.

Further, pursuant to the decision of the Board of Directors at its Meeting held on June 01, 2022, the Company has made an application with Reserve Bank of India for surrender of its NBFC license as there is no intention of continuing financial activities as its principle business. Accordingly, it was proposed to be a holding Company of Kuwy Technology Service Private Limited. It was proposed that the source of income from the proposed plan will be interest income and royalty from Kuwy. Further the MOA of the Company will be altered upon receipt of approval from RBI for license surrender and undertaking on the same has been submitted to the RBI.

DISCLOSURE OF INTERNAL CONTROLS / INTERNAL FINANCIAL CONTROLS

The Company has internal financial control system that was operating effectively as on March 31, 2023.

Audit is carried out for examining and evaluating the adherence to Company's policies, safeguarding of its assets, controls over accuracy and completeness of the accounting records.

For F.Y 2022-23, the external audit agency assisted the Internal Auditor, 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, external agency carries out evaluation of Internal Financial Controls of the Company on an annual basis. Report on the same is discussed at the Audit Committee and suggestions provided by the evaluator and Committee is noted by the Management. Adequate Financial Controls are operative for all the business activities of the Company during the review. The Company has also implemented Compliance Management System for monitoring of applicable regulatory requirements except as stated in note no. 47 to the accompanying financial statements of the Company and also by the Statutory Auditors in

their Report on the Internal Financial Controls.

Auditor's remark on Company's internal financial controls:

The Company's internal control system towards estimating the fair value of loans provided to subsidiary and its investment in subsidiary, as more fully explained in note 47 to the accompanying financial statements were not operating effectively due to uncertainties in the judgments and assumptions made by the Company in such estimations, which could result in the Company not providing for adjustment, if any, that may be required to the carrying values of such loans and investments and its consequential impact on the accompanying financial statements.

The Directors of the Company have given their comments in this Board's report under the heading Auditors & Reports on the qualification stated above and the same does not call for any further clarifications.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

The Company has received final order from the Hon'ble National Company Law Tribunal, Mumbai Bench dated June 8, 2023 for reduction of share capital, consequently the reduced issued, subscribed and paid-up share capital of the Company is Rs. 5,211,341,440 divided into Category 'A' equity shares of Rs. 10 each, fully paid up held by Volkswagen Finance Overseas B.V. of Rs. 469,022,070 and Category 'B' equity shares of Rs. 10 each, fully paid up held by Volkswagen Financial Services A.G. of Rs. 4,742,319,370.

The amount was successfully repatriated on 9th August, 2023.

No orders have been passed by any Regulator or Court 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. However, as a good governance practice, prior approval from the Audit Committee/Board was obtained for transactions with related parties.

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

For the Financial Year ended March 31, 2023, 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 established with the object of and engaged in the business of financing industrial enterprises.

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 LIQUIDITY RISK MANAGEMENT FRAMEWORK

As required under Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies issued by RBI on November 04, 2019, disclosure of liquidity risk in desired format is available on Website of the Company at [Investor Information \(vwfs.co.in\)](http://Investor Information (vwfs.co.in))

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, 2023:

Sr. No	Name of Directors	Designation
1.	Mr. Christian Rosswag	Managing Director and Chief Financial Officer
2.	Mr. Ralf Teichmann	Director (Non-Executive)
3.	Ms. Rupa Vora	Independent Director

None of the Non-Executive Director and Independent Director 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

As a good governance practice, the Company continues to have Ms. Rupa Vora, Independent Director as Board member.

- **Appointments**

During the year under review, no new Directors were appointed.

- **Resignations**

Mr. Ashish Deshpande ceased to be a Managing Director and CEO of the Company w.e.f February 28, 2023 on expiry of his term. Mr. Jambunathan Subramanian resigned as Independent Director of the Company w.e.f. February 14, 2023 due to preoccupation.

The Board of Directors places on record its sincere appreciation for contribution made by Mr. Ashish Deshpande and Mr. Jambunathan Subramanian during their tenure as Directors of the Company.

- **Declaration by Independent Director**

Ms. Rupa Vora, Independent Director has given declaration that she meets the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and has complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Company has also received confirmation from Ms. Rupa Vora, pertaining to inclusion of her name in the Data Bank. The Board is of the opinion that Ms. Rupa Vora, Independent Director possess integrity, expertise and experience. Further, Ms. Rupa Vora has been granted exemption from undergoing the online proficiency self-assessment test.

- **Fit and Proper Criteria & Code of Conduct**

All the Directors meet the fit and proper criteria stipulated by the Reserve Bank of India ("RBI"). All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

b. Key Managerial Personnel

- **Appointments**

Ms. Hiral Bhayani was appointed as Company Secretary & Compliance Officer of the Company w.e.f. March 01, 2023.

- **Resignations**

Ms. Jinal Visrodia resigned as the Company Secretary & Compliance Officer of the Company w.e.f February 24, 2023.

Mr. Ashish Deshpande ceased to be a Managing Director and Chief Executive Officer of the Company w.e.f. February 28, 2023 on expiry of his term.

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, 2023, 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 judgments and estimates that are reasonable and prudent has been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 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, 2023 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 except as stated in the report on the internal financial controls.
- (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 except as stated in the CARO Report.

The Company is looking for a suitable option with the current scenario to comply with the amendment of back up in India.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met 6 times during the financial year ended 31st March 2023 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:

Sr. No.	Date of the Board Meeting
1.	June 1, 2022 (adjourned meeting held on June 30, 2022)
2.	August 2, 2022
3.	October 12, 2022
4.	November 15, 2022
5.	February 8, 2023
6.	March 9, 2023

Sr. No.	Name of Directors	Number of Meetings attended
1	Mr. Ashish Deshpande*	5
2	Mr. Christian Rosswag	6
3	Mr. Ralf Teichmann	2
4	Ms. Rupa Vora	6
5	Mr. Jambunathan Subramanian#	5

*Retired as MD & CEO effective from February 28, 2023;

#Resigned as Independent Director w.e.f. February 14, 2023.

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 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, oversight of the Company's financial reporting process and vigil mechanism and review of Internal Audit Reports. On account of resignation of Mr. Jambunathan Subramanian as an Independent Director, the Audit Committee was reconstituted effective from February 15, 2023.

Composition of the Audit Committee as on March 31, 2023:

1. Mr. Ralf Teichmann, Non-Executive Director
2. Ms. Rupa Vora, Independent Director
3. Mr. Christian Rosswag, Managing Director & CFO

Meetings held during the Financial Year 2022-23:

Sr. No.	Date of the Meeting
1.	June 1, 2022 (adjourned meeting held on June 30, 2022)
2.	August 2, 2022
3.	November 15, 2022
4.	February 8, 2023

Attendance record:

Sr. No.	Name of Directors	Number of Meetings attended
1.	Mr. Ralf Teichmann	2
2.	Ms. Rupa Vora	4
3.	Mr. Jambunathan Subramanian*	4
4.	Mr. Christian Rosswag	0

*Resigned as Independent Director w.e.f. February 14, 2023.

b. Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration Committee in accordance with 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. On account of resignation of Mr. Jambunathan Subramanian as an Independent Director, the Nomination and Remuneration Committee was reconstituted effective from February 15, 2023.

Composition of the Nomination & Remuneration Committee as on March 31, 2023:

1. Mr. Ralf Teichmann, Non-Executive Director
2. Ms. Rupa Vora, Independent Director

Meetings held during the Financial Year 2022-23:

Sr. No.	Date of the Meeting
1.	June 01, 2022
2.	February 08, 2023

Attendance record:

Sr. No.	Name of Directors	Number of Meetings attended
1.	Mr. Ralf Teichmann	1
2.	Ms. Rupa Vora	2
3.	Mr. Jambunathan Subramanian*	2

*Resigned as Independent Director w.e.f. February 14, 2023.

The Company has followed the procedure where evaluation of Directors' individual performance, evaluation of performance of Board and its Committees is carried by the Board of Directors.

The Remuneration Policy sets out the guidelines for the Remuneration of the Directors and Key Managerial Persons of the Company. Guideline on Director's Appointment and Remuneration defines the overall framework for determining appointment of Directors, which includes qualifications, positive attributes, fit and proper criteria and Independence and evaluation methodology.

The said policies are available on the website of the Company at following link: <https://www.vwfs.co.in/Compliance.html>

c. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility (CSR) Committee monitors the CSR 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. The CSR Policy of the Company defines the overall framework of CSR, the Policy has been amended to include changes in Schedule VII to the Companies Act, 2013, as amended from time to time. The budgeted spent for F.Y 2022-23 being less than the amount prescribed under section 135(9) of the Companies Act, 2013, based on recommendation of the CSR Committee, the Board of Directors at its Meeting held on June 30, 2022 have considered dissolution of CSR Committee with immediate effect and revision in the CSR Policy.

Meeting held during the Financial Year 2022-2023:

Sr. No.	Date of the Meeting
1.	June 30, 2022

Attendance record:

Sr. No.	Name of Directors	Number of Meetings attended
1	Mr. Ashish Deshpande*	1
2	Ms. Rupa Vora	1
3	Mr. Jambunathan Subramanian#	1

*Retired as MD & CEO w.e.f. February 28, 2023

#Resigned as Independent Director w.e.f. February 14, 2023

Update on CSR activities of the Company for F.Y. 2022-23

The Company has spent Rs. 34,61,800/- on CSR activities for the financial year 2022-23, which has been spent by contribution towards the Prime Minister's Citizen Assistance and Relief in emergency Situations Fund.

The Annual Report on CSR activities has been enclosed as Annexure "C".

The Policy is also available on the website of the Company at following link: <https://www.vwfs.co.in/Compliance.html>

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. The Minutes of the Asset and Liability Committee are regularly placed before the Board for oversight. The Committee has been reconstituted on March 09, 2023 on account of end of tenure of Mr. Ashish Deshpande as Managing Director and CEO.

Composition of the Asset Liability Management Committee as on March 31, 2023:

1. Dr. Christian Rosswag, Managing Director & CFO
2. Ms. Pramila Pai, Head of Controlling & Risk Management
3. Ms. Sangeeta Panchdhari, Head of Accounts
4. Ms. Hiral Bhayani, Company Secretary and Compliance Officer
5. Mr. Dhanesh Babar, Senior Manager, Treasury
6. Mr. Suraj Jaiswar, Assistant Manager, Treasury

Meetings held during the Financial Year 2022-23:

Sr. No.	Date of the Meeting
1.	June 27, 2022
2.	September 23, 2022
3.	December 14, 2022
4.	March 28, 2023

Attendance record of Board Members:

Sr. No.	Name of Directors	Number of Meetings attended
1.	Mr. Ashish Deshpande*	3
2.	Mr. Christian Rosswag	4

*Retired as MD & CEO w.e.f. February 28, 2023

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, reputational risk etc., and also ensures that appropriate frameworks for risk management operates 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. The Minutes of the Risk Management Committee are regularly

placed before the Board for oversight. The Committee has been reconstituted on March 09, 2023 on account of end of tenure of Mr. Ashish Deshpande as Managing Director and CEO.

Composition of the Risk Management Committee as on March 31, 2023:

1. Dr. Christian Rosswag, Managing Director & CFO
2. Ms. Pramila Pai, Head of Risk Management
3. Ms. Aditi Rathi, Credit Assessment
4. Ms. Hiral Bhayani, Company Secretary and Compliance Officer
5. Mr. Chinmay Acharya, IT
6. Mr. Sandesh Sitafale, controlling
7. Mr. Arvind Mahajan, IT

Meetings held during the Financial Year 2022-23:

Sr. No.	Date of the Meeting
1.	April 28, 2022
2.	August 01, 2022
3.	November 11, 2022
4.	February 13, 2023

Attendance record of Board Members:

Sr. No.	Name of Directors	Number of Meetings attended
1.	Mr. Ashish Deshpande*	03
2.	Mr. Christian Rosswag	

*Retired as MD & CEO w.e.f. February 28, 2023

f. Information Technology (IT) Strategy Committee:

The Reserve Bank of India has issued Master Directions - Information Technology Framework for the NBFC Sector, 2017 (Master Directions) on June 08, 2017, with the objective of benchmarking various aspects of the Information Technology to the best practices and enhancing safety, security, efficiency in processes leading to benefits for NBFCs and their customers. The focus areas of the Master Directions are IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing.

In line with the Master Directions issued by RBI, the Board at its Meeting held on July 20, 2017 has formulated the IT Strategy Committee and approved the Charter (terms of reference) enlisting its roles and responsibilities. The Committee has been reconstituted on February 17, 2023 on account of end of tenure of Mr. Ashish Deshpande as Managing Director and CEO.

Composition of the IT Strategy Committee as on March 31, 2023:

1. Ms. Rupa Vora, Independent Director and Chairperson of the Committee
2. Dr. Christian Rosswag, Managing Director and CFO
3. Mr. Arvind Mahajan, Chief Information Officer

Meetings held during the Financial Year 2022-23:

Sr. No.	Date of the Meeting
1.	August 29, 2022
2.	February 27, 2023

Attendance record of Board Members:

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Ashish Deshpande*	1
2	Mr. Christian Rosswag	2
3	Ms. Rupa Vora	2

*Retired as MD & CEO w.e.f. February 28, 2023

VIGIL MECHANISM

The Company encourages a free and open culture in its dealings with its employees, vendors, business partners and hence has established 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 about unethical behaviour, actual or suspected fraud or violation of the law or company's code of conduct. The whistle blowing mechanism provides for adequate safeguards against victimization of persons who use such mechanism and is monitored by the Audit Committee. No alerts were received by the Company through Whistle Blowing system during the Financial Year 2022-23. The Policy is available on the website of the Company at following link: [Compliance \(vwfs.co.in\)](http://vwfs.co.in)

ANNUAL EVALUATION OF DIRECTORS, COMMITTEES 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. As directed, Independent Directors were involved in discussions on important matters.

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) 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 are not applicable to the Company for the year under review.

Payment of Remuneration / Commission to Directors from holding company

The Managing Director of the Company is not in receipt of remuneration/commission from the holding Company.

AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under:

Statutory Auditors

The Shareholders of the Company at the Extra-Ordinary General Meeting held on December 13, 2021 have appointed M/s. Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) as Statutory Auditors of the Company for a term of three consecutive years from F.Y. 2021-22 until F.Y 2023-24 to hold office from conclusion of Extra-Ordinary General Meeting dated December 13, 2021 till the conclusion of Fifteenth Annual General Meeting. The Auditors have confirmed that they are not disqualified within the meaning of Sections 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 to continue as the Statutory Auditors of the Company.

Observations of Statutory Auditors on Accounts for the year ended March 31, 2023

Reference is made to comments/observations made in the Auditors Report for the year ended 31.03.2023, to which the following explanation is given:

Auditors Qualification/Reservations/Adverse Remarks in Auditors report	Directors comment on Qualification/Reservations/Adverse Remarks in Auditors report
<p>As mentioned in note 47 to the financial statements, the Company has made investments in and advanced loans (including interest accrued) of Rs. 9,019.71 lakhs and 8,696.09 lakhs respectively to its subsidiary Kuwy Technology Service Private Limited. The accumulated losses of this subsidiary are Rs. 12,179 lakhs as at March 31, 2023 and it's net worth is fully eroded. The auditors of the subsidiary company have included a paragraph regarding Material Uncertainty relating to subsidiary's ability to continue as a Going Concern. Further, the auditors of the Subsidiary have qualified their audit opinion relating to remeasurement of the liability arising on the Compulsory Convertible Preference Shares held by the Company in the Subsidiary as at March 31, 2023. Accordingly, owing to the aforementioned, we are unable to comment upon adjustments, if any, that may be required to the carrying value of the aforesaid investments and loans.</p>	<p>The Company has an investment in the subsidiary amounting to Rs 9,019.71 lakhs. The Company has taken a Fair Valuation report from an external valuer. The fair value as per the report has been calculated considering the approved cash flows and conservative assumptions. This value is higher than the book value of the investments and hence, no impairment provision has been made on the investment. Further, The Company has advanced loan of Rs. 8,696.09 lakhs to its subsidiary. The loan was due for repayment on August 31, 2023 which has been extended to October 31, 2023. The subsidiary has been regular in payments of interest and there have been no defaults / delays during the year. The loan agreement includes a covenant on the conversion of loan into share capital at the discretion of the Company at the time of its maturity. Further, the subsidiary is also scouting for strategic investment partners to further its growth. The Company has also provided a Comfort Letter to the subsidiary to invest additional capital to take care of its liquidity needs till end of 2024. Hence the financials of the subsidiary have been prepared on Going Concern basis and the Company has not made any additional provision on the loan.</p>

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 MARCH 31, 2023

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, every listed Company and such other class of Companies is required to annex with its Board's Report the Secretarial Audit Report by a Company Secretary in practice in such form as may prescribed.

VWFPL being private company is exempted from the definition pursuant to Section 204 read with rules made thereunder of the Companies Act, 2013. However, as a good governance and a four eye rule, it was proposed to re-appoint M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries as the Secretarial Auditors for conducting the Secretarial Audit of the Company for the Financial Year 2022-23.

Secretarial Compliance Report issued by M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2022-23 forms part to this report & is self explanatory in nature.

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

COST RECORDS

Maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is not required by the Company as the Company does not fall under the ambit of prescribed class of Companies who are required to make and maintain cost records.

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:

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act, Annual Return in Form MGT-7 referred to in sub-section (3) of section 92 is available on the website of the Company at following link: <https://www.vwfs.co.in/investor-information-New.html>

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

There are no 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 no foreign exchange gain. Refer note no. 30 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 the complaints received regarding sexual harassment and has complied with all the provisions relating to its constitution under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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 complaint during the year 2022-23.

DISCLOSURE PERTAINING NON CONVERTIBLE DEBENTURES

During the financial year under review, the Company has not issued Secured, Redeemable Non-Convertible Debentures.

Since as on March 31, 2023 no securities were listed on stock exchange, the compliances prescribed by the Securities Exchange Board of India (SEBI) for listed entities are not applicable to the Company.

DETAILS OF APPLICATION MADE OR ANY PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR AND STATUS AT THE END OF THE YEAR

There were no applications made and no proceedings were pending under the Insolvency and Bankruptcy Code, 2016 during the year under review.

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


Christian Rosswag
Managing Director & CFO
DIN: 09382572





Ralf Teichmann
Director
DIN: 09107391

Date: 21/09/2023
Place: Mumbai

Registered Office

Wework, 4th Floor, Building no. 4, North wing, NESCO IT Park,
Western Express Highway, Goregaon,
Mumbai – 400 063
CIN: U65999MH2009FTC189640

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies/joint ventures

Part "A": Subsidiaries

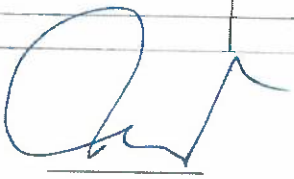
(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Kuwy Technology Service Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital (in lakhs)	176
5.	Reserves & surplus (in lakhs)	(7,626)
6.	Total assets (in lakhs)	12,501
7.	Total Liabilities (in lakhs)	12,501
8.	Investments	0
9.	Turnover (in lakhs)	10,444
10.	Profit / (Loss) before taxation (in lakhs)	(5,814)
11.	Provision for taxation (in lakhs)	-
12.	Profit (Loss) after taxation (in lakhs)	(5,814)

13.	Proposed Dividend	-
14.	% of shareholding	67.73%
Notes: The following information shall be furnished at the end of the statement:		
1.	Names of subsidiaries which are yet to commence operations	NA
2.	Names of subsidiaries which have been liquidated or sold during the year.	NA
Part "B": Associates and Joint Ventures		NA



Christian Rosswag
 Managing Director & CFO
 DIN: 09382572

Ralf Teichmann
 Director
 DIN: 09107391



Hiral Bhayani
 Company Secretary
 Mem. No.: A38605

Date: 21/09/2023
 Place: Mumbai

Policy for Related Party Transactions

Contents

1. Area of application	3
2. Basis	3
3. Purpose.....	3
4. Responsibility.....	4
5. Definition of ‘related party’ as per Companies Act, 2013	5
6. Related Party Transactions as per Companies Act, 2013	6
7. ‘Arm’s Length Transaction’ as per Companies Act, 2013	8
8. Process for obtaining Omnibus approval from Audit Committee on annual basis	8
9. Process for approval and determining ‘Arm’s Length’	10
10. Disclosure Requirements	14
11. Amendment to the Policy	14

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 and the Companies Act, 2013

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 related party transactions to Board and Shareholders as per the Companies Act, 2013	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. 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 further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party
 - Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties
 - 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.

7. '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.

8. 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 as per Companies Act, 2013 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.

9. 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 as per Companies Act, 2013 with the Accounts Department and Risk Department.
- (2) Accounts Department shall at the starting of every year or on account of any change during the year present a list of all the transactions as per Companies Act, 2013 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 Accounts Department. for prior approval along with the justification for entering into such contract(s) or arrangement(s). If the Accounts Department 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 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 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 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 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 Accounts department. to confirm whether the party is a related party.

- (5) Accounts department shall provide on quarterly basis the list of related party transactions pursuant to the Companies Act, 2013 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. Accounts 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.

10. 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.

11. 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.

Annexure IC

REPORT ON CORPORATE SOCIAL RESPONSIBILITY FOR FY 2022-23

1. A brief outline on CSR policy of the Company:

The CSR Policy has been formulated by the Company in accordance with Section 135 of the Companies Act, 2013. The CSR activities/ projects are in line with Schedule VII of the Companies Act, 2013 as notified by Ministry of Corporate Affairs from time to time:

2. Composition of CSR Committee:

The committee was dissolved w.e.f. June 30, 2022.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board is available on the website of the Company at the following links:

1. CSR Committee - Not Applicable
2. CSR Policy - [Compliance \(vwfs.co.in\)](http://vwfs.co.in)
3. CSR Projects - [\(Volkswagen Finance \(vwfs.co.in\) \(PM Cares Fund \)](http://Volkswagen Finance (vwfs.co.in))

4. Executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135. - NIL

(b) Two percent of the average net profit of the Company as per Section 135 (5). - NIL

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - NIL

(d) Amount required to be set-off for the financial year, if any. - NIL

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - NIL

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). - NIL

(b) Amount spent in Administrative Overheads. - NIL

(c) Amount spent on Impact Assessment, if applicable. - NIL

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. – 34,61,800/-

(e) CSR amount spent or unspent for the Financial Year: -

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
34,61,800/-/-	N.A.	N.A.	N.A.	N.A.	N.A.

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	34,61,800/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

SI No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs).	Date of transfer		
1.	2021-22	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.	2020-21	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3.	2019-20	NIL	NIL	NIL	NIL	NIL	NIL	NIL

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

NIL


Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NIL							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. – Not Applicable

For and behalf of Volkswagen Finance Private Limited


Christian Rosswag
Managing Director & CFO
DIN: 09382572




Ralf Teichmann
Director
DIN: 09107391

Date: 21/09/2023
Place: Mumbai