

**VOLKSWAGEN FINANCE PRIVATE LIMITED**

Directors' Report

For the Financial Year ended March 31, 2016

## 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, 2016

### FINANCIAL PERFORMANCE

The Company's performance during the financial year 2015-16 as compared to the previous financial year is summarized below

Particular	Financial year ended 31st March, 2016 (Rs. In lacs)	Financial year ended 31st March, 2015 (Rs. In lacs)
Revenue from continuing operations	61,859	56,393
Less Expenditure from continuing operations	50,510	47,003
<b>Profit/(Loss) exceptional and extraordinary items and tax</b>	<b>11,349</b>	<b>9,390</b>
Prior Period Income	786	-
<b>Profit / (Loss) before tax</b>	<b>12,135</b>	<b>9,390</b>
Less Tax expense	3,869	3,052
<b>Profit for the year from continuing operations</b>	<b>8,266</b>	<b>6,338</b>
Profit from discontinuing operations after tax	-	-
<b>Profit for the year</b>	<b>8,266</b>	<b>6,338</b>

### OPERATIONAL PERFORMANCE

For the financial year ended March 31, 2016, your Company earned Profit before Tax of Rs 11,349 lacs as against profit of Rs 9,390 lacs in the previous financial year and the Profit after Tax of Rs 8,266 lacs as against profit of Rs 6,338 lacs in the previous financial year. The total Income for the year under consideration was Rs 62,645 lacs (including prior period income of 786 lacs) and total expenditure was Rs 54,380 lacs (including tax expense of 3,869 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, 2016 was Rs 408,633 lacs

## CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2016, stood at 21.07 % 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 challenging global developments towards the last quarter, the Company's performance during the year under review was satisfactory. The Company continued its focus on financing of Volkswagen Group cars in the Indian market. In addition, it consolidated its share in the Truck and Bus Segment. During the Financial Year 2015-16, the Volkswagen Group was present via the brands Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN and Scania. The Retail Loan book has increased by 23% and Wholesale Loan book has increased by 6% during the FY 2016.

### Product wise performance at a glance

<b>Brand</b>	<b>Retail Earning Assets (Rs. In lacs)</b>	<b>Wholesale Earning Assets (Rs. In lacs)</b>
Volkswagen	129,073	48,162
Audi	183,998	83,201
Skoda	62,222	27,888
Porsche	4,913	9,434
Lamborghini	148	2,960
Man	2,865	4,544
Non-Group	129	27
SCANIA	820	9,019
<b>Grand Total</b>	<b>384,168</b>	<b>185,235</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.

## **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 2015-16, the Company has transferred Rs 1,653 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**

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred 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. The Company has established risk measurement and evaluation procedures in line with Volkswagen Group guidelines and to mitigate operational risks, the Company has put in place extensive internal controls including 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. Certain operating controls were designed and in place, however the rigor of following up of these controls was not uniform throughout the year. Therefore corrective measures and tightening procedures have taken place

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.

Review of the internal financial controls environment of the Company was also undertaken during the year which covered verification of Entity Level Controls and Information Technology General Controls, identification, assessment and definition of key business processes, framing of Internal financial controls register and analysis of risk control matrices. 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 in place 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.

The Board upholds good governance and has laid down Code of Conduct that provides discipline and structure to the decision making and ways of working. The Board has also set up a Vigil Mechanism (whistle blowing mechanism) providing an opportunity to its directors and its employees across the country to denounce any unethical or fraudulent activities observed during the day to day operations.

#### **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.

#### **PARTICULAR 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 Company as it is engaged mainly in the business of financing

### **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

## **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, 2016

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Designation</b>
1	Mr Andreas Kutzner	Managing Director and Chief Executive Officer
2	Mr Pieter Griep	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

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 Andreas Kutzner (DIN 07232849) was appointed as additional Executive Director of the Company with effect from July 20, 2015 and the same was approved by the members at the Annual General Meeting held on August 19, 2015 Upon recommendation of Nomination & Remuneration Committee and the Board of Directors, members at the Extraordinary General Meeting held on September 02, 2015, appointed him as Managing Director (MD) and Chief Executive Officer (CEO) for a period of 3 years with effect from September 01, 2015

Mr Guy Broekmans (DIN 06427074) resigned as MD and CEO of the Company with effect from July 01, 2015 Mr Sanjay Mundade (DIN 02659176) resigned as Executive Director of the Company with effect from January 28, 2016 The Board of Directors places on record its sincere appreciation for contribution made by Mr Broekmans and Mr Mundade during their 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 September 1, 2015, Mr Andreas Kutzner was appointed as Managing Director, Chief Executive Officer and Key Managerial Person of the Company with effect from the date of the Meeting

Ms Dipti Khandelwal resigned as Company Secretary & Compliance Officer of the Company with effect from December 15, 2015 and consequently ceased to be Key Managerial Person of the Company with effect from that date Ms Harshada Pathak was appointed as Company Secretary & Compliance Officer and designated as Key Managerial Person of the Company with effect from January 28, 2016

**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, 2016, 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, 2016 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, 2016 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 5 times during the financial year ended 31<sup>st</sup> March 2016 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 6, 2015
2	May 25, 2015
3	September 01, 2015
4	November 5, 2015
5	January 28, 2016

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Number of Meetings attended</b>
1	Mr Pieter Griep	5
2	Mr Andreas Kutzner*	3
3	Mr Reinhard Fleger	2
4	Mr Guy Broekmans**	2
5	Ms Rupa Vora	5
6	Mr Mrinal Chandran	5
7	Mr Sanjay Mundade***	4

\* appointed as an Additional Executive Director with effect from July 20, 2015

\*\* resigned as MD & CEO with effect from July 01, 2015

\*\*\*appointed as an Additional Executive Director with effect from May 6, 2015 and resigned as Executive Director with effect from January 28, 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 Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. 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.

**Composition of the Audit Committee as on March 31, 2016:**

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

**Meetings held during the Financial Year 2015-16:**

Sr. No	Date of the Meeting
1	May 25, 2015
2	November 05, 2015
3	January 28, 2016

**Attendance record:**

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

**b. Nomination and Remuneration Committee:**

The Company has constituted Nomination and Remuneration Committee in accordance with section 178 of the Companies Act, 2013 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, 2016:**

- 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 2015-16:**

Sr. No	Date of Meeting
1	May 06, 2015
2	January 28, 2016

**Attendance record:**

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

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 said policy was revised by the Board on September 01, 2015. 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. The Committee was reconstituted on September 01, 2015 to appoint Mr. Andreas Kutzner, Managing Director & CEO as member of the Committee in place of Mr. Guy Broekmans who had resigned as a Director of the Company.

**Composition of the Corporate Social Responsibility Committee as on March 31, 2016**

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

The Meeting of the Committee was held on May 25, 2015 which was attended by all the members. During the year, the CSR Committee had many informal meetings with the CSR team to oversee the systematic development of processes, procedures and guidelines for CSR activities so as to deliver its proposed value to the Company and the targeted community. Regular updates about the activities of CSR Team and spending on selected CSR Projects were provided at the Meeting of the Board of Directors.

**Update on CSR activities of the Company for F.Y. 2015-16**

During the year, the Company has spent Rs. 100 lacs (around 1.34% of the average net profits of last three financial years) on CSR activities. Pursuant to the CSR Committee meeting held on 26th March, 2015, the members appointed execution CSR team to undertake the necessary activities. The CSR team has been involved in executing the CSR activities as per its objectives in various NGOs and projects. The three NGOs were appointed and had commitment of Rs. 2.22 crores with these three NGOs. There was a marginal underspend in the CSR objective, since one of the NGO (WOTR) deferred the planned budget over three years.

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

The CSR Policy was revised by the Board at its Meeting held on May 26, 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, 2016:**

- 1 Mr Andreas Kutzner, Managing Director & CEO
  - 2 Mr Pieter Griep, Managing Director & CFO
  - 3 Mr Vaidyanathan Chandramouli, Head of Risk
  - 4 Mr Gurpreet Grover, Head of Operations\*
  - 5 Mr Kaushal Mithani, Head of Treasury
- \*resigned w e f 16<sup>th</sup> May, 2016

**Meetings held during the Financial Year 2015-16:**

Sr. No	Date of the Meeting
1	June 29, 2015
2	September 24, 2015
3	December 04, 2015
4	March 04, 2016

**Attendance record:**

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

**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

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 and is in compliance with the Master Circular – Non Banking Finance Companies Corporate Governance (Reserve Bank) Directions, 2015 issued by the RBI on 1<sup>st</sup> July 2015

**Composition of the Risk Management Committee as on March 31, 2016:**

- 1 Mr Andreas Kutzner, Managing Director & CEO
  - 2 Mr Pieter Griep, Managing Director & CFO
  - 3 Mr Chandramouli Vaidyanathan, Head of Risk
  - 4 Mr Rajesh Joshi, Head of Legal
  - 5 Mr Gurpreet Grover, Head of Operations\*
  - 6 Ms Harshada Pathak, Company Secretary & Compliance Officer
- \*resigned w e f 16<sup>th</sup> May, 2016

**Meetings held during the Financial Year 2015-16:**

Sr. No	Date of the Meeting
1	April 13, 2015
2	July 31, 2015
3	September 24, 2015
4	December 11, 2015
5	March 30, 2016

**Attendance record:**

Sr. No	Name of Directors	Number of Meetings attended
1	Mr Guy Broekmans*	1
2	Mr Andreas Kutzner	4
3	Mr Pieter Griep	5

\*resigned as MD & CEO with effect from July 01, 2015

**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. No alerts were received by the Company during the year through Whistle Blowing system.

**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 Boards' 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**

- (a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16 Please refer Annexure 'E'
- (b) The percentage increase in remuneration of Chief Executive Officer and Chief Financial Officer in the Financial Year 2015-16 is approximately 4% and for Company Secretary is Nil
- (c) The percentage increase in the median remuneration of employees in the Financial Year 2015-16 **10%**
- (d) Number of Permanent Employees on the rolls of the Company as on March 31, 2016 **296**
- (e) The explanation on the relationship between average increase in remuneration and company performance The remuneration for employees in VWFPL consists of two parts i.e Fixed Pay and Performance Incentive (performance linked variable salary component) The Performance Incentive is linked to the Individual performance of the employee as well as to the performance of the company which can vary from 0-21% of fixed pay for employees up to grade 25 and for employees above grade 25 a third component of global VW group performance is also added The average increase in remuneration is linked to company performance
- (f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Cumulative Remuneration of Key Managerial Personnel (Rs In lacs)	Net profit before tax of the Company (Rs In lacs)	Net profit After tax of the Company (Rs In lacs)
748	12,135	8,266

- (g) Variations in the market capitalization of the company Not Applicable
- (h) Price earnings ratio as on March 31, 2016 and March 31, 2015 Not Applicable
- (i) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies Not Applicable

- (j) Variations in the net worth of the company as on March 31, 2016 and March 31, 2015 In March 31, 2016 the net worth of the company is Rs 1,259 crores and in March 31, 2015 net worth of the company was Rs 1,176 crores hence there was increase in Net worth of Rs 83 crores
- (k) The average percentile increase made in the salaries of employees other than Key Managerial Personal in the last financial year was **10%** as compared to an average of **3%** for Key Managerial Personal
- (l) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

Remuneration of Key Managerial Personnel	Net profit before tax of the Company (Rs In lacs)	Net profit After tax of the Company (Rs In lacs)
Please refer Annexure 'E'	12,135	8,266

- (m) The key parameters for the variable components of remuneration availed by the Directors consists of (1) Personal Performance Bonus (2) Company Bonus and (3) Long Term Incentive
- (n) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year 2015-16 was 1.128
- (o) 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 2016**

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 2016**

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 2015-16

Secretarial Audit Report issued by M/s Aashish K Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2015-16 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 2015-16

### **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 2016 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**

The particulars as required 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 have not been furnished considering the nature of activities undertaken by the Company during the year under review

During the year under review, the Company has incurred foreign exchange loss (Net) of INR 108 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 2015-16

## **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 3,000 Secured, Redeemable Non-convertible Debentures of Rs 10,00,000 each respectively on May 29, 2015 and December 28, 2015 and IL&FS Trust Company Limited has been appointed to act as the trustee for the Debenture holders

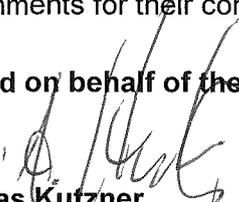
The contact details of the debenture trustees are mentioned below

- IL&FS Trust Company Limited  
ILFS Centre, Plot C-22, G-Block, 3rd Floor  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400 051  
Contact No +91 22 022-2659 3612  
Website itcl@ilfsindia.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**

  
**Pieter Griep**  
**Managing Director & CFO**  
**DIN: 06784366**



Date June 30, 2016

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 23,960,940 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2016 as against 23,358,047 in April-March 2015, registering a marginal growth of 2.58 percent over the same period last year

**Domestic Sales**

The sales of Passenger Vehicles grew by 7.24 percent in April-March 2016 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 7.87 percent, 6.25 percent and 3.58 percent respectively during April-March 2016 over the same period last year.

The overall Commercial Vehicles segment registered a growth of 11.51 percent in April-March 2016 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth at 29.91 percent and Light Commercial Vehicles grew marginally by 0.30 percent during April-March 2016 over the same period last year.

Passenger Carrier sales grew by 2.11 per cent & Goods Carrier sales declined by (-) 3.62 percent respectively in April-March 2016 over April-March 2015.

Two Wheelers sales registered a growth at 3.01 percent during April-March 2016 over April-March 2015. Within the Two Wheelers segment, Scooters grew by 11.79 percent while Motorcycles and Mopeds dropped by (-) 0.24 percent and (-) 3.32 percent respectively in April-March 2016 over April-March 2015.

## Automobile Domestic Sales Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	25,01,542	26,29,839	26,65,015	25,03,509	26,01,236	27,89,678
Commercial Vehicles	6,84,905	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704
Three Wheelers	5,26,024	5,13,281	5,38,290	4,80,085	5,32,626	5,38,092
Two Wheelers	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,911
<b>Grand Total</b>	<b>1,54,81,381</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>2,04,69,385</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

Amidst the continued global sluggishness, domestic growth outlook remains positive for 2016-17 mainly on account of various structural reforms undertaken. Buoyant domestic demand is expected to fuel healthy growth, however, slow reform implementation remains a key downside risk. For 2017, it is expected that GDP will remain stable at the current level of 7.5%

Retail inflation measured by the consumer price index dropped sharply in February after rising for six consecutive months. In a recent policy announcement, RBI has stated that CPI inflation is expected to decelerate modestly from current level of 5.2% and would remain around 5% during 2016-17. Factors that could impact this forecast are unseasonal rains, the likely spatial and temporal distribution of monsoon, and the strength of the recent upturn in commodity prices, especially oil.

Source The Economic Times

Your directors expect that with stable government in center, stable GDP rate, the Company's inherent strong business model with foray into leasing business and emphasis on innovative mobility solutions in the coming year, 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 FY2016-17.

## 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 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 296 Permanent Employees on the rolls of the Company as on March 31, 2016

# Policy for Related Party Transactions

## Contents

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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 exceeding ten per cent. 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 exceeding ten per cent 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 exceeding ten per cent of the net worth of the company or ten per cent. 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 exceeding ten percent. 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

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

## Annexure 'D'

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED

**MARCH 31, 2016**

<p>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</p>	<p>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-india.co.in/en/home.html">http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-india.co.in/en/home.html</a></p>
<p>The Composition of CSR Committee</p>	<p>Mr. Andreas Kutzner Mr. Mrinal Chandran Ms. Rupa Vora</p>
<p>Average net profit of the company for the last three financial years</p>	<p>Rs 744,511,323/-</p>
<p>Prescribed CSR Expenditure (two percent of the amount as in item 3 above)</p>	<p>Rs 14,890,226/-</p>
<p>Details of CSR spent during the financial year</p>	
<p>a) Total amount to be spent for the financial year,</p>	<p>Rs 10,006,272/-</p>
<p>b) Amount unspent, if any,</p>	<p>Rs 4,883,954 /-</p>
<p>c) Manner in which the amount spent during the financial year is detailed below</p>	

Sr. No	CSR projects or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise
			(1)Local are or other	(2)Specify the state and district where projects or programs was undertaken	
1	Greenfield Project	Child Education	Other	Faridabad - Haryana	1,010,000
2	Alibaug Project	Child Education	Local	Alibaug - Maharashtra	2,030,000
3	School fees and other school development project	Child education and community development	Local	Thane - Maharashtra	3,300,000
4	Watershed Development & Sustainable agriculture practices	Community development	Local	Aurangabad - Maharashtra	4,880,846

Sr. No	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
	(1)Direct expenditure on projects or programs	(2)Overheads		
1	924,910	178,572	1,103,482	Through Implementing Agency - SOS childrens Villages of India
2	1,585,986	395,952	1,981,938	Through Implementing Agency - SOS childrens Villages of India
3	2,040,006	-	2,040,006	Through Implementing Agency - MaaNiketan Society
4	4,880,846	-	4,880,846	Through Implementing Agency - Watershed Organisation Trust

<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>During the year, the Company has spent Rs 100 lacs (around 134% of the average net profits of last three financial years) on CSR activities Pursuant to the CSR Committee meeting held on 26th March, 2015, the members appointed execution CSR team to undertake the necessary activities The CSR team has been involved in executing the CSR activities as per its objectives in various NGOs and projects The three NGOs were appointed and had commitment of Rs 2.22 crores with these three NGOs There was a marginal underspend in the CSR objective, since one of the NGO (WOTR) deferred the planned budget over three years</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 has appointed respective executive team and NGOs which shall ensure necessary and appropriate utilization of funds in compliance with the CSR objectives and Policy of the Company</p>

 <p><b>Pieter Griep</b> Managing Director and Chief Financial Officer</p>	 <p><b>Andreas Kutzner</b> Managing Director and Chief Executive Officer (Chairman of CSR Committee)</p>
--	--



## Annexure 'E'

Sr No	Name of KMP	Designation	Remuneration	Nature of Employment, whether contractual or otherwise	qualifications and experience	date of commencement of employment	Age	last employment before joining the company	Median Remuneration of Employees of the company	Ratio of Directors Remuneration to Median	% of Equity Shares held, incase more than 2%	Name of Director or manager who is relative
1	Pieter Griep	Managing Director – Back Office	33,116,705	Contractual	MBA 12 Years	2/1/2014	47	Volkswagen PON Financial Services BV, Nietherlands	700,000	47.31	NA	NA
2	Guy Broekmans	Managing Director – Front Office (Last work day 30/06/2016)	21,847,374	Contractual	Master's degree in chemistry	1/11/2012	59	Volkswagen Finance (China) Co., Ltd., Beijing, China	700,000	31.21	NA	NA
4	Andreas Kutzner	Managing Director – Front Office (DOJ 01/06/2015)	17,793,996	Contractual	Bachelor in Business Management 36 years	10/6/2014	56	Volkswagen Bank Greece	700,000	25.42	NA	NA
5	Dipti Khandelwal	Company Secretary & Compliance Officer (Last Work day 15/12/2015)	1,457,002	Permanent	CS & LLB 9 years	10/7/2014	34	Aegis Limited, Essar Group Company	700,000	2.08	NA	NA
6	Harshada Pathak	Company Secretary & Compliance Officer (DOJ - 30/11/2015)	628,034	Permanent	LLB & ACS 11 Years	30/11/2015	35	Mahindra & Mahindra Financial Services Limited	700,000	0.90	NA	NA

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	Pieter Griep	Managing Director – Back Office	33,116,705	Contractual	MBA 12 Years	2/1/2014	47	Volkswagen PON Financial Services BV, Nietherlands	NA	NA
2	Guy Broekmans	Managing Director – Front Office (Last work day 30/06/2016)	21,847,374	Contractual	Master's degree in chemistry	1/11/2012	59	Volkswagen Finance (China) Co., Ltd., Beijing, China	NA	NA
4	Andreas Kutzner	Managing Director – Front Office (DOJ 01/06/2015)	17,793,996	Contractual	Bachelor in Business Management 36 years	1/6/2015	56	Volkswagen Bank Greece	NA	NA
5	Dipti Khandelwal	Company Secretary & Compliance Officer (Last Work day 15/12/2015)	1,457,002	Permanent	CS & LLB 9 years	10/7/2014	34	Aegis Limited, Essar Group Company	NA	NA
6	Harshada Pathak	Company Secretary & Compliance Officer (DOJ - 30/11/2015)	628,034	Permanent	LLB & ACS 11 Years	30/11/2015	35	Mahindra & Mahindra Financial Services Limited	NA	NA
7	Sanjay Mundade	Deputy Managing Director - Back Office	7,154,295	Permanent	B Com & ICWA 21 Years	1/5/2015	44	Skoda Auto India Private Limited	NA	NA
4	Chandramouli Viadyanathan	Head of Risk Management, Collections & Customer Care	6,872,670	Permanent	Bachelor Degree in Mathematics & 23 years	15/11/2010	50	HDFC Bank	NA	NA
5	Gurpreet Grover	Head of Operations	6,453,149	Permanent	MBA 17 years	15/10/2010	43	ICICI Bank	NA	NA
8	Detlef Gottschlich	Head of IT	19,124,167	Contractual	Graduate in Business Information systems 20 years	1/2/2014	49	VWFS AG, Germany	NA	NA
10	Claus Rothenhoefer	Head of Marktfolge	42,443,097	Contractual	Bachelor Degree 19 years	1/1/2015	46	VWFS Mexico	NA	NA
11	Alexander Bargstaedt	Head of Project, Quality & Standards	8,863,782	Contractual	Master's of Art 15 Years	1/10/2015	35	VWFS AG, Germany	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, 2016

*[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]*

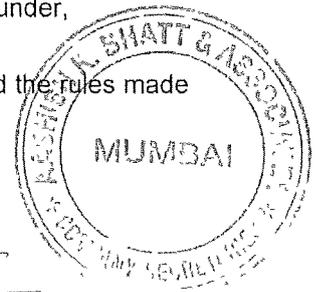
To,  
The Members,  
**Volkswagen Finance Private Limited**

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, 2016, 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, 2016, 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,



*Aashish K. Bhatt*

- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder,
- 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, 1992 till May 14, 2015 and thereafter 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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;



A handwritten signature in black ink is written over a circular stamp. The stamp has a dashed border and contains some illegible text or a logo in the center.

- 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),
- 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 spend Rs. 100 lacs (around 1 34% of the average net profits of last three financial years) on CSR activities. Pursuant to the CSR Committee meeting held on 26th March, 2015, the members appointed execution CSR team to undertake the necessary activities. The CSR team has been involved in executing the CSR activities as per its objectives in various NGOs and projects. The three NGOs were appointed and had commitment of Rs 2.22 crores with these three NGOs. There was a marginal underspend in the CSR objective, since one of the NGO (WOTR) deferred the planned budget over three years.

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

I further report that



**Aashish K. Bhatt & Associates**

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.

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.

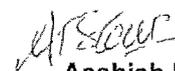
Majority decision(s) are carried out unanimously, no dissenting views were expressed which are required to be captured and recorded as per the minutes.

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) Issuance of Non Convertible Debentures on Private Placement Basis,
- (ii) Redemption of Non Convertible Debentures,
- (iii) Appointment and Resignation of Managing Director and other Directors;
- (iv) Re-constitution of Committees

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

  
**Aashish Bhatt**

**Proprietor**

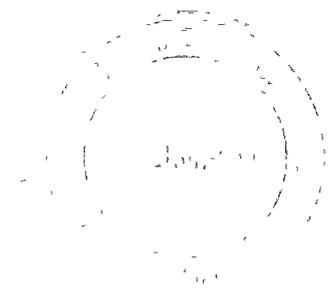
ACS No. 19639

COP No. 7023

Place. *Mumbai*

Date *30/5/16*

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,

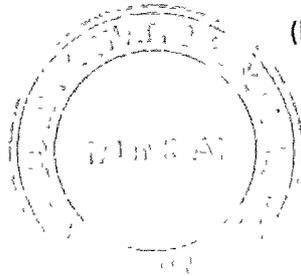
**Volkswagen Finance Private Limited**

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)

Place. *Mumbai*  
Date *30/5/16*



A handwritten signature in black ink, appearing to read "Aashish Bhatt".

**Aashish Bhatt**

**Proprietor**

**ACS No.: 19639, COP No.: 7023**

## FORM MGT-9

Extract of Annual Return as on Financial Year ended on 31st March, 2016

[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, Andher

Town/City Mumbai

State Maharashtra

Pincode 400099

Telephone with STD 022 39521000

Fax 022 39521001

Email Address harshada.pathak@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

Sl 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 Sharepro Services (India) Private Limited

Address 13 AB, Samhita Warehousing Complex, Behind Sakinaka Telephone Exchange, Kurfa Andher Road, Sakinaka

Town/City Mumbai

State Maharashtra

Pincode 400 072

Telephone with STD 022 67720300

Area code

Number

Fax 022 28508927

Email Address kalimk@shareproservices.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 -

Sl 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</b>									
<b>(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
Total Shareholding of Promoter									
<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

**(v) INDEBTEDNESS**

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

Particulars	Amt in Rs			Total Indebtedness
	Secured Loans excluding deposits	Unsecured Loans	Deposits	
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	11,500,000,000	22,237,386,028	0	33,737,386,028
ii) Interest due but not paid	0	0	0	-
iii) Interest accrued but not due	297,878,081	769,930	0	298,648,011
<b>Total (i + ii + iii)</b>	<b>11,797,878,081</b>	<b>22,238,155,958</b>	<b>-</b>	<b>34,036,034,039</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	7,000,000,000	68,857,535,136	0	75,857,535,136
* Reduction	(4,500,000,000)	(64,231,584,791)	0	(68,731,584,791)
<b>Net Change</b>	<b>2,500,000,000</b>	<b>4,625,950,345</b>	<b>0</b>	<b>7,125,950,345</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	14,000,000,000	26,863,336,373	-	40,863,336,373
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	541,253,823	28,352,168	-	569,605,991
<b>Total (I + II + III)</b>	<b>14,541,253,823</b>	<b>26,891,688,541</b>	<b>-</b>	<b>41,432,942,364</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				Total Amount
		Mr Guy Broekmans (MD and CEO) (resigned w e f 1st July, 2015)	Mr Pieter Gnep (MD and CFO)	Mr Andreas Kutzner (MD and CEO) (appointed as MD and CEO with effect from 1st September, 2015)	Mr Sanjay Mundande (resigned as Executive Director w e f 28th January, 2016)	
1	Gross Salary					
	Gross Salary	20,183,093	14,557,188	10,800,293	6,183,195	51,723,769
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,530,810	7,305,006	2,438,863	971,100	12,245,779
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others - Non taxable perquisites and payments	133,471	11,254,511	4,554,840	-	15,942,822
	Total (A)	<b>21,847,374</b>	<b>33,116,705</b>	<b>17,793,996</b>	<b>7,154,295</b>	<b>79,912,370</b>
	Ceiling as per the Act	Not Applicable				

**B Remuneration to other directors**

Sl No	Particulars of Remuneration	Name of Director		Total Amount
		Mr Mnnal Chnadrn	Ms Rupa Vora	
1	Independent Directors			
	* Fee for attending board committee meetings	1,000,000	1,000,000	2,000,000
	* Commission	-	-	-
	* Others, please specify	-	-	-
	Total (1)	<b>1,000,000</b>	<b>1,000,000</b>	<b>2,000,000</b>
2	Other Non-Executive Directors			
	* Fee for attending board committee meetings	0	0	0
	* Commission	0	0	0
	* Others, please specify	0	0	0
	Total (2)	<b>0</b>	<b>0</b>	<b>0</b>
	Total (B)=(1+2)			<b>2,000,000</b>
	Total Managerial Remuneration			<b>79,912,370</b>
	Overall Ceiling as per the Act	Not Applicable		

**(ii) Shareholding of Promoters**

SI 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	--	--
	<b>Total</b>	<b>1,168,802,144</b>	<b>100</b>	<b>--</b>	<b>1,168,802,144</b>	<b>100</b>	<b>--</b>	<b>--</b>

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

No Change

SI 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)**

SI 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**

SI 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	0	0	0	0
2	At the beginning of the year	0	0	0	0
	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

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

Amt in Rs

Sl No	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO (please refer point VI (A))	Company Secretary Ms Harshada Pathak (w e f 28th January 2016) Ms Dipti Khandelwal (resigned w e f 15th December, 2015)		
1	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		628,034	1,457,002	2,085,036
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0	0	0
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0	0	0
2	Stock Option		0	0	0
3	Sweat Equity		0	0	0
4	Commission				
	- as % of profit		0	0	0
	- others, specify		0	0	0
5	Others, please specify		0	0	0
	<b>Total</b>		<b>628,034</b>	<b>1,457,002</b>	<b>2,085,036</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					

A handwritten signature is written over a circular stamp. The stamp contains the text 'VISHWAS FINANCE PVT. LTD.' around the perimeter. The signature is in black ink and appears to be 'Vishwas'.