

VOLKSWAGEN FINANCE

PRIVATE LIMITED

Directors' Report
For the Financial Year ended March 31, 2018

DIRECTORS' REPORT

To
The Members,
Volkswagen Finance Private Limited

Your Directors have pleasure in presenting Directors Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE

The Company's performance during the financial year 2017-18 as compared to the previous Financial Year is summarized below:

Particular	Financial year ended March 31, 2018 (Rs. In lacs)	Financial year ended March 31, 2017 (Rs. In lacs)
Revenue from continuing operations	63,421	64,930
Less: Expenditure from continuing operations	54,862	56,184
Profit/(Loss) exceptional and extraordinary items and tax	8,559	8,746
Profit / (Loss) before tax	8,559	8,746
Less: Tax expense	3,327	3,252
Profit for the year	5,232	5,494

OPERATIONAL PERFORMANCE

For the Financial Year ended March 31, 2018, your Company earned Profit before Tax of Rs. 8,559 lacs as against Profit of Rs. 8,746 lacs in the previous Financial Year and the Profit after Tax of Rs. 5,232 lacs as against Profit of Rs. 5,494 lacs in the previous Financial Year. The Total Income for the year under consideration was Rs.63,421 lacs and total expenditure was Rs. 58,189 lacs (including tax expense of 3,327 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, 2018 was Rs. 3,98,903 lacs.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2018, stood at 22.56 % of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%.

COMPANY PERFORMANCE

Considering the tax, legal and government policy challenges faced by the Indian automobile industry and rate competitiveness in market, the Company's performance during the year under review was satisfactory. The Company continued its focus on financing of Volkswagen Group Cars and Truck and Bus segment. During the Financial Year 2017-18, the Volkswagen Group was present via the brands Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN and Scania. The Loan book (Retail and Wholesale) has reduced by 5.7% during the F.Y. 2018, primarily due to lower penetration as an impact out of lack of exclusive subvention.

Brand wise performance at a glance (as at March 31, 2018)

Brand	Retail Earning Assets (Rs. In lacs)	Wholesale Earning Assets (Rs. In lacs)
Volkswagen	136,266	57,992
Audi	138,447	63,720
Skoda	72,703	31,330
Porsche	5,243	10,905
Lamborghini	779	2,664
Man	2,694	2,958
Ducati	42	-
Non-Group	540	70
SCANIA	5,090	39,221
Grand Total	361,804	208,860

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

DIVIDEND

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

TRANSFER TO RESERVES

During the financial year 2017-18, the Company has transferred Rs. 1,047 lacs (20 % of the net profit for the year) to Special Reserve as required pursuant to the provisions of Section 45IC of the Reserve Bank of India Act, 1934.

DEPOSITS

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

MATERIAL CHANGES AND COMMITMENTS

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

DISCLOSURE OF INTERNAL CONTROLS / INTERNAL FINANCIAL CONTROLS

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

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

Further, Internal Control and Assurance department conducts regular process audits on an on-

going basis and carries out the internal control framework review for the Company on an annual basis. Adequate Financial Controls are operative for all the business activities of the Company and remedial measures have been undertaken by the Management for the control gaps observed during the review. The Company has also implemented Compliance Management System for effective monitoring of applicable regulatory requirements.

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

REGULATORY ACTION

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

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

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

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

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

For the Financial Year ended March 31, 2018, the provisions of section 186 of the Act, except sub section 1, are not applicable to the loans, guarantees and securities made by the Company as it is engaged mainly in the business of financing. The Company has not made any Investment in the securities.

DISCLOSURE UNDER OTHER SECTIONS OF THE COMPANIES ACT, 2013

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

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

DISCLOSURE UNDER RBI DIRECTIONS ON CORPORATE GOVERNANCE

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

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Following is the composition of the Board of Directors as on March 31, 2018:

Sr. No	Name of Directors	Designation
1.	Mr. Hans Patrik Riese	Managing Director and Chief Executive Officer
2.	Mr. Gokhan Cinar	Managing Director and Chief Financial Officer
3.	Mr. Norbert Dorn	Non-executive Director
4.	Ms. Rupa Vora	Independent Director
5.	Mr. Mrinal Chandran	Independent Director

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

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

a. Board of Directors

Mr. Hans Patrik Riese (DIN 07823008) was appointed as Additional Director of the Company with effect from the conclusion of the Meeting of the Board of Directors held on May 30, 2017. Upon recommendation of Nomination & Remuneration Committee and the Board of Directors, Members at their Annual General Meeting held on August 21, 2017, appointed him as Managing Director (MD) and Chief Executive Officer (CEO) for a period of 3 years with effect from July 01, 2017 until June 30, 2020.

Mr. Andreas Kutzner (DIN 07232849) resigned as Managing Director and Chief Executive Officer (CEO) with effect from June 30, 2017 and Mr. Reinhard Fleger (DIN 02750961) resigned as Director of the Company with effect from September 29, 2017.

The Board of Directors places on record its sincere appreciation for contribution made by Mr. Kutzner and Mr. Fleger during their tenure as Directors of the Company.

Mr. Norbert Dorn (DIN 07922177) was appointed as Additional Director of the Company with effect from September 29, 2017 up to the date of the next Annual General Meeting 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

Mr. Andreas Kutzner (DIN 07232849) resigned as Managing Director and Chief Executive Officer (CEO) with effect from June 30, 2017.

At the Meeting of the Board of Directors held on July 20, 2017, Mr. Hans Patrik Riese (DIN 07823008) was appointed as Managing Director, Chief Executive Officer and Key Managerial Person of the Company with effect from July 01, 2017 for a period of 3 years until June 30, 2020.

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, 2018, 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, 2018 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, 2018 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 31st March 2018 in accordance with the provisions of the Act and rules made there under and the dates on which they met during the financial year under review are as under:

Sr. No	Date of the Board Meeting
1.	May 29, 2017
2.	May 30, 2017
3.	July 20, 2017
4.	November 08, 2017
5.	January 23, 2018

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Andreas Kutzner [#]	2
2	Mr. Gokhan Cinar	5
3	Mr. Hans Patrik Riese [@]	3
4	Mr. Reinhard Fleger [%]	2
5	Ms. Rupa Vora	5
6	Mr. Mrinal Chandran	4
7	Mr. Norbert Dorn [*]	1

[#] resigned as Managing Director & CEO w.e.f. June 30, 2017.

[@] appointed as Managing Director & CEO w.e.f. July 01, 2017.

[%] resigned as Director w.e.f. September 29, 2017.

^{*} appointed as Additional Director w.e.f. September 29, 2017 vide Circular Resolution passed on September 14, 2017 and attended Board Meeting held on January 23, 2018 via Video Conference.

Committees of the Board

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

a. Audit Committee:

The Company has a duly constituted Audit Committee in compliance with Section 177 of the Companies Act, 2013 and Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The scope of the Audit Committee *inter alia* includes, examination of the

financial statement and the auditors' report thereon, approval or any subsequent modification of transactions of the Company with related parties; recommending to the Board the appointment, remuneration and terms of appointment of auditors of the Company, oversight of the Company's financial reporting process and vigil mechanism and review of Internal Audit Reports.

Composition of the Audit Committee as on March 31, 2018:

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

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	May 29, 2017
2.	November 08, 2017
3.	January 23, 2018

Attendance record:

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

b. Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration Committee in accordance with section 178 of the Companies Act, 2013 and Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which has been authorized to establish the criteria for selection to the Board, to evaluate the proposed candidate on fit and proper criteria as may be prescribed by RBI, and to carry out the evaluation of every director's performance. The Committee was reconstituted on November 08, 2017 to appoint Mr. Norbert Dorn, Additional Director as member of the Committee in place of Mr. Reinhard Fleger who had resigned as Director of the Company with effect from September 29, 2017.

Composition of the Nomination & Remuneration Committee as on March 31, 2018:

1. Mr. Norbert Dorn, Additional Director
2. Ms. Rupa Vora, Independent Director
3. Mr. Mrinal Chandran, Independent Director

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	May 30, 2017

2.	July 20, 2017
3	January 23, 2018

Attendance record:

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Reinhard Fleger [%]	2
2	Mr. Norbert Dorn [*]	0
3	Ms. Rupa Vora	3
4	Mr. Mrinal Chandran	3

[%]resigned as Director w.e.f September 29, 2017.

^{*}appointed as Additional Director w.e.f September 29, 2017 vide Circular Resolution passed on September 14, 2017 and attended Meeting held on January 23, 2018 via Video Conference.

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 and fit & proper criteria.

The Policy is available on the website of the Company at <http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-indiacoin/en/home/compliance.html>

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 July 20, 2017 to appoint Mr. Hans Patrik Riese, Managing Director and CEO as member of the Committee in place of Mr. Andreas Kutzner who had resigned as Managing Director and CEO of the Company with effect from June 30, 2017.

Composition of the Corporate Social Responsibility Committee as on March 31, 2018

1. Mr. Hans Patrik Riese, Managing Director & CEO
2. Ms. Rupa Vora, Independent Director
3. Mr. Mrinal Chandran, Independent Director

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	May 30, 2017
2.	November 08, 2017

Attendance record:

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Andreas Kutzner [#]	1

2	Mr. Hans Patrik Riese*	1
3	Ms. Rupa Vora	2
4	Mr. Mrinal Chandran	1

resigned as Managing Director & CEO w.e.f. June 30, 2017.

*appointed as Managing Director & CEO w.e.f. July 01, 2017.

Update on CSR activities of the Company for F.Y. 2017-18

The Company was required to spend Rs. 19,348,680/- on CSR activities for the financial year 2017-18 and the unspent CSR amount of Rs. 12,318,366/- from previous years. During the year, the Company has spent Rs. 30,724,982 on CSR activities fulfilling the targeted CSR expenditure for F.Y. 2017-18. An amount of Rs. 942,064/- was unspent from the previous year CSR outlay. However, the Company has made commitment of Rs. 897,000/- for Community development activities to be conducted in first quarter of F.Y. 2018-19. The Company is committed towards undertaking CSR activities in furtherance of the objectives of its CSR Policy with the help of NGO partners and CSR Team consisting employee volunteers.

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

The Policy is also available on the website of the Company at <http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-indiacoin/en/home/compliance.html>

Social impact and Employee Engagement of CSR Activities of the Company

I. Habitat for Humanity

The Company has partnered with Habitat for Humanity, India for construction of School sanitation infrastructure in Silvassa & Bangalore.

During the year 2017-18, four sanitation units were built in identified Government Schools located in Bangalore, Karnataka benefiting 184 female and 596 male students. A sanitation complex built for the girl students of the Government Sarvottam Higher Secondary School in Rakholi village, Silvassa caters to nearly 700 girl students and 25 female teachers of the school. The School students now have access to safe and adequate sanitation facility.



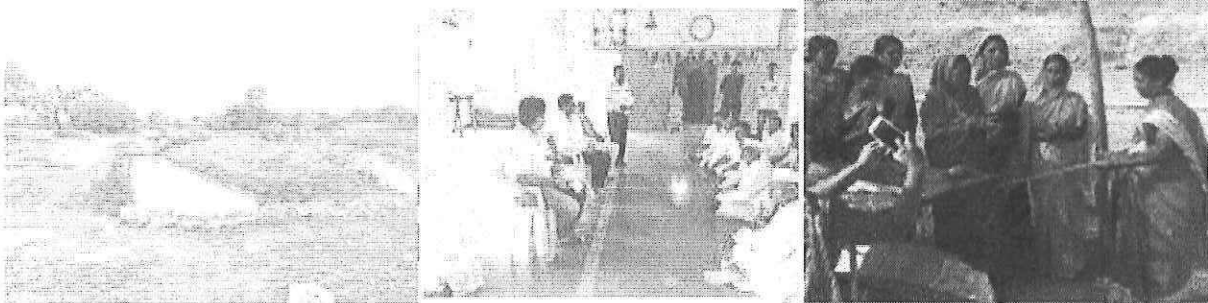
II. Watershed Organization Trust (WOTR)

The Company has partnered with Watershed Organization Trust (WOTR) – Maharashtra for

participatory watershed development and eco-systems restoration, adaptive sustainable agriculture, integrated and efficient water management, and climate change adaptation, with a special emphasis on vulnerable communities, farmers, and women. The project was implemented in 3 villages namely Lonar-Bhayergaon, Khedgaon and Kaunchalwadi of Marathawada region of Maharashtra.

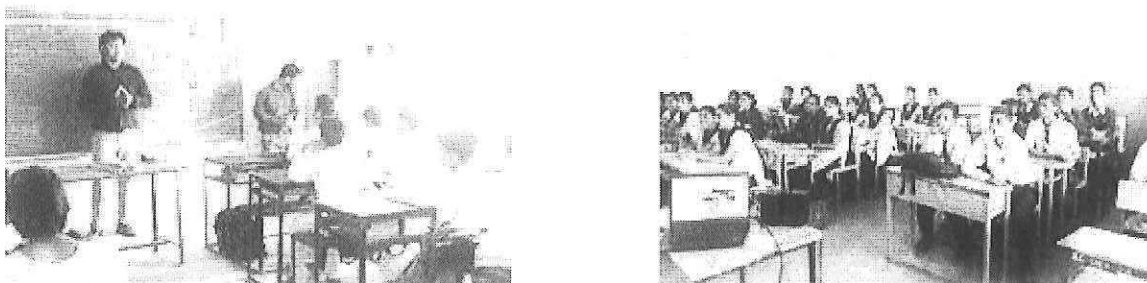
Till the end of March-2018, one check dam have been constructed in the Kaunchal wadi, 14 old check dams are renovated, 178 sets of micro irrigation including sprinklers and drips have been distributed to farmers and 42 farm ponds were constructed. Two new wells have been also constructed in Khedgaon and Kauchalwadi, respectively.

The Samyukta Mahila Sammitee (SMS), apex body of all the Self Help Groups (SHGs) within village have been formed with the object of reducing their vulnerabilities to climatic and non-climatic risks. Training for the newly formed SHG was given to build the capacity of women to handle the groups independently.



III. Avanti Fellows

The Company has partnered with Avanti Fellows to provide equal opportunity to every child who has talent and will; but does not have enough means to pursue a career of their choice and to provide access of resources to each child, thereby helping them to reach university. During the Year 2017-18, the Company has helped to provide coaching for IIT and NIT exams to bright students from Wardha, Gondia, Buldana Districts of Maharashtra in low income bracket of the society.



IV. SOS Children's Village

The Company has partnered with SOS Children's Village to provide strong foundation to parentless, homeless and abandoned children from supported villages by providing them long

term family based care. The Company has sponsored 3 Family Homes at 2 SOS Children's Villages in Faridabad and Alibaug ensuring holistic development of 30 children and their SOS mothers living there.

d. Asset and Liability Management Committee:

The Company has duly constituted the Asset and Liability Committee to monitor the asset liability framework of the Company in accordance with RBI guidelines in this regard. The Minutes of the Asset and Liability Committee are regularly placed before the Board for oversight.

Composition of the Asset Liability Management Committee as on March 31, 2018:

1. Mr. Hans Patrik Riese, Managing Director & CEO
2. Mr. Gokhan Cinar, Managing Director & CFO
3. Mr. Praafull Bakshi, Head of Risk Management
4. Mr. Kaushal Mithani, Head of Treasury
5. Mr. Rahul Pimpale, Head of Credit
6. Ms. Harshada Pathak, Company Secretary & Compliance Officer

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	June 20, 2017
2.	September 25, 2017
3.	December 06, 2017
4.	March 16, 2018

Attendance record of Board Members:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Andreas Kutzner [#]	1
2.	Mr. Gokhan Cinar	3
3	Mr. Hans Patrik Riese [*]	2

[#]resigned as Managing Director & CEO w.e.f. June 30, 2017.

^{*}appointed as Managing Director & CEO w.e.f July 01, 2017.

e. Risk Management Committee & Framework:

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

The said Risk Management Framework has been adopted by the Board of Directors as the Risk

Management Policy of the Company under the regulatory requirement.

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

Composition of the Risk Management Committee as on March 31, 2018:

1. Mr. Hans Patrik Riese, Managing Director & CEO
2. Mr. Gokhan Cinar, Managing Director & CFO
3. Mr. Praafull Bakshi, Head of Risk Management
4. Mr. Rahul Pimpale, Head of Credit
5. Ms. Harshada Pathak, Company Secretary & Compliance Officer

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	July 11, 2017
2.	October 16, 2017
3.	January 17, 2018
4.	March 29, 2018

Attendance record of Board Members:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Gokhan Cinar	4
2.	Mr. Hans Patrik Riese	3

The Minutes of the Risk Management Committee are regularly placed before the Board for oversight.

f. Information Technology (IT) Strategy Committee:

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

In line with the Master Directions issued by RBI, the Board at its Meeting held on July 20, 2017 has formulated the IT Strategy Committee and approved the Charter (terms of reference) enlisting its roles and responsibilities.

Composition of the IT Strategy Committee as on March 31, 2018:

1. Ms. Rupa Vora, Independent Director and Chairperson of the Committee
2. Mr. Hans Patrik Riese, Managing Director and CEO

3. Mr. Gokhan Cinar, Managing Director and CFO
4. Mr. Kundan Patil, Chief Information Officer

Meetings held during the Financial Year 2017-18:

Sr. No	Date of the Meeting
1.	November 03, 2017
2.	January 22, 2018

The Meetings were well attended by all the Members.

VIGIL MECHANISM

The Company encourages a free and open culture in its dealings with its employees, vendors, business partners and hence has established Whistle Blowing system which serves as vigil mechanism as envisaged in section 177 (9) of the Companies Act, 2013, for the directors and employees to report their genuine concerns or grievances. The whistle blowing mechanism provides for adequate safeguards against victimization of persons who use such mechanism and is monitored by the Audit Committee. Four alerts were received by the Company through Whistle Blowing system during the Financial Year 2017-18 which were duly addressed and reported to the Audit Committee.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD

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

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

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

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

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

- (i) The ratio of the remuneration of each director to the median remuneration of the employees

of the Company for the financial year is given as Annexure 'D'. Independent Directors do not receive any remuneration from the Company apart from sitting fees.

- (ii) The percentage increase in remuneration of Chief Financial Officer is **3%** and that for Company Secretary is **7%**. Owing to change in the office of Chief Executive Officer during the year, the percentage increase in remuneration of Chief Executive Officer is not provided.
- (iii) The percentage increase in the median remuneration of employees in the financial year is **12%**.
- (iv) The number of permanent employees on the rolls of Company as on March 31, 2018: **277**.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; The average percentile increase made in the salaries of employees other than Managerial Personnel in the last financial year was **8.49%** as compared to an average of **3%** for Managerial Personnel.
- (vi) It is hereby confirmed that the remuneration paid to Directors and KMPs is as per the Remuneration Policy approved by the Nomination & Remuneration Committee.

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

Please refer table in Annexure 'D' 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 Companies (Amendment) Act, 2017 and Companies (Audit and Auditors) Amendment Rules, 2018, the requirement of ratification of the appointment of the auditor at every annual general meeting has been omitted. Hence, no approval of members is required for continuation of Statutory Auditors of the Company till the end of their tenure.

Observations of Statutory Auditors on Accounts for the year ended March 31, 2018

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 MARCH 31, 2018

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 2017-18.

Secretarial Audit Report issued by M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2017-18 forms part to this report and is enclosed as Annexure 'E'. The Company is in the process of making available communications to customers in vernacular language.

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 March 31, 2018 made under the provisions of Section 92(3) of the Act in Form MGT-9 is enclosed as Annexure 'F' which forms part of this Report.

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

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

During the year under review, the Company has incurred foreign exchange Gain (Net) of INR 103 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 the 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 2017-18.

DISCLOSURE PERTAINING NON CONVERTIBLE DEBENTURES

The Secured, Redeemable, Non-convertible Debentures issued by the Company are listed on BSE Limited. During the financial year under review, the Company has issued 1,500, 3,000, 2,500 and 3,000 Secured, Redeemable Non-convertible Debentures of Rs. 10,00,000 each on June 12, 2017, July 11, 2017, September 11, 2017 and December 05, 2017 respectively and redeemed 4,000 Secured, Redeemable Non-convertible Debentures of Rs. 10,00,000 each on November 30, 2017. Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) has been appointed to act as the trustee for the Debenture holders for these issues.

The contact details of the debenture trustees are mentioned below:

Vistra ITCL (India) Limited
(formerly known as IL&FS Trust Company Limited)
ILFS Centre, Plot C-22, G-Block, 7th Floor
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051
Contact No 022-2659 3612
Website: www.vistraitcl.com

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



Hans Patrik Riese
Managing Director & CEO
DIN: 07823008



Gokhan Cinar
Managing Director & CFO
DIN: 07649354



Date: June 20, 2018
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 29,075,605 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2018 as against 25,330,967 in April-March 2017, registering a growth of 14.78 percent over the same period last year.

Domestic Sales

The sale of Passenger Vehicles grew by 7.89 percent in April-March 2018 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicle and Vans grew by 3.33 percent, 20.97 percent and 5.78 percent respectively in April-March 2018 over the same period last year.

The overall Commercial Vehicles segment grew by 19.94 percent in April-March 2018 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.48 percent and Light Commercial Vehicles grew by 25.42 percent in April-March 2018 over the same period last year.

Two Wheelers sales registered a growth at 14.80 percent in April-March 2018 over April-March 2017. Within the Two Wheelers segment, Scooters and Motorcycles grew by 19.90 percent and 13.69 percent respectively, while Mopeds declined by (-) 3.48 percent in April-March 2018 over April-March 2017.

Automobile Domestic Sales Trends

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger Vehicles	26,65,015	25,03,509	26,01,236	27,89,208	30,47,582	32,87,965
Commercial Vehicles	7,93,211	6,32,851	6,14,948	6,85,704	7,14,082	8,56,453
Three Wheelers	5,38,290	4,80,085	5,32,626	5,38,208	5,11,879	6,35,698
Two Wheelers	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,738	2,01,92,672
Grand Total	1,77,93,701	1,84,23,223	1,97,24,371	2,04,68,971	2,18,62,128	2,49,72,788

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

Growth in India is projected to increase from 6.7% in 2017 to 7.4% in 2018 and 7.8% in 2019, lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivize private investment.

India has made progress on structural reforms in the recent past and the implementation of the goods and services tax will help reduce internal barriers to trade, increase efficiency and improve tax compliance. The corporate debt overhang and associated banking sector credit quality concerns have exerted a drag on investment in India, adding that recapitalization will improve the banking sector's ability to support growth but more measures are needed.

Recapitalization should be part of a broader package of financial reforms to improve the governance of public sector banks and lenders' debt recovery mechanisms should be further enhanced. While the medium-term growth outlook for India is strong, an important challenge is to enhance inclusiveness.

(Source: IMF News, RBI)

Your directors expect that with a strong and stable government in center, growing GDP rate, the Company's inherent strong business model with foray into non group business, focus on digitalization and automation to provide enhanced customer experience, the continued confidence of investors and support of the lending institutions to the Company's fund mobilization activities on account of good track record of debt servicing, your Company should achieve satisfactory performance in the F.Y. 2018-19.

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

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

There has been no material development in human resources front apart from changes in Key Managerial Persons as stated in the Directors' Report and there were 277 (including Expatriates) Employees on the rolls of the Company as on March 31, 2018.

Policy for Related Party Transactions

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1. Area of application

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

2. Basis

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

3. Purpose

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

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

4. Responsibility

RACI Matrix

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

R- Responsibility, I- Information, A-Approval

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

'Related Party' with reference to a company means-

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

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

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

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

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

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

'Related Party' with reference to a company means-

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

7. Related Party Transactions as per Companies Act, 2013

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

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

Explanation-

In this sub-section-

- the expression “office or place of profit” means any office or place—
 - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- the expression “arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

- (2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.
- (3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- (4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

8. Related Party Transactions as per Accounting Standard 18

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

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

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

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

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

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

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

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

Omnibus approval for related party transactions on annual basis:

All related party transactions as per Companies Act, 2013 shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely

(1) The Audit Committee shall at the first Board Meeting of the Company held in every Financial Year, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval for transactions with related parties (as defined in point no. 5 above) proposed to be entered for that financial year. The criteria shall include the following, namely:-

- (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- (b) the maximum value per transaction which can be allowed;
- (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
- (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

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

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 as per Companies Act, 2013 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 as per Companies Act, 2013 proposed to be entered into by the Company with related parties on estimate basis. The Compliance department would in turn present the same to the Audit Committee who would deliberate and discuss on the nature of the above transactions and provide approval.
- (3) Any employee/ department intending to enter into a contract or arrangement shall present to Finance dept. for prior approval along with the justification for entering into such contract(s) or arrangement(s). If the Finance dept. arrives at a conclusion that the transaction is not in the ordinary course of business and / or not at arm's length then the said employee/ department intending to enter into a contract or arrangement shall present to Compliance department disclosures in the following format BEFORE entering into the contract or arrangement:
 - a) the name of the related party and nature of relationship
 - b) the nature, duration of the contract and particulars of the contract or Arrangement
 - c) the material terms of the contract or arrangement including the value, if any
 - d) whether the transaction is in the ordinary course of business
 - e) any advance paid or received for the contract or arrangement, if any
 - f) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
 - g) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors
 - h) any other information relevant or important for the Board to take a decision on the proposed transaction

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

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

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

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

Explanation:-

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

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

Explanation:-

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

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

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

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

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

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

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

13. Disclosure Requirements

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

14. Amendment to the Policy

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

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to be web-link to the CSR policy and projects or programs.	The Company has framed its CSR Policy including the projects to be undertaken by the CSR Committee. The members have further formed a CSR team consisting of efficient members to evaluate the projects and NGOs for a better cause. The Company would undertake the projects mainly into promoting education and rural development. The detailed information is available in the CSR Policy framed by the Board of Directors and also available at the below web link: http://www.volkswagen-finance-india.co.in/content/sites/vwcorporate/volkswagen-finance-indiacoin/en/home/compliance.html
The Composition of CSR Committee	Mr. Patrik Riese Mr. Mrinal Chandran Ms. Rupa Vora
Average net profit of the company for the last three financial years	Rs. 967,434,021 /-
Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 19,348,680 (carried forward amount of unspent CSR from previous years - Rs.12,318,366/-)
Details of CSR spent during the financial year	
a)Total amount to be spent for the financial year;	Rs. 19,348,680 /-
b)Amount unspent, if any;	Nil for F.Y. 2017-18 (carried forward from unspent CSR from previous years Rs. 942,064/-)
c)Manner in which the amount spent during the financial year is detailed below:	

Sr No	CSR projects or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			(1) Local are or other	(2) Specify the state and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads		
1	Watershed Development & Sustainable agriculture practices	Community development	Local	Aurangabad - Maharashtra	6,596,954	6,135,167	461,786 (7%)	6,596,954	Through Implementing Agency - Watershed Organization Trust
2	Greenfields	Child Education	Other	Faridabad - Haryana	1,125,000	1,012,500	112,500 (10%)	1,125,000	Through Implementing Agency - SOS Children's' Villages of India
3	Alibaug	Child Education	Local	Alibaug - Maharashtra	2,250,000	2,025,000	225,000(10%)	2,250,000	Through Implementing Agency - SOS Children's' Villages of India
4	Latur	Child Education	Other	Latur - Gujarat	2,250,000	2,025,000	225,000(10%)	2,250,000	Through Implementing Agency - SOS Children's' Villages of India

Sr No	CSR projects or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			(1) Local are or other	(2) Specify the state and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads		
6	School fees and other school development project	Child Education	Local	Buldhana-Maharashtra	1,808,390	1,808,390	-	1,808,390	Through Implementing Agency – Avanti Fellows at JNV Buldhana
7	School fees and other school development project	Child Education	Local	Wardha-Maharashtra	1,808,390	1,808,390	-	1,808,390	Through Implementing Agency – Avanti Fellows at JNV Wardha
8	School fees and other school development project	Child Education	Local	Gondhia-Maharashtra	1,808,390	1,808,390	-	1,808,390	Through Implementing Agency – Avanti Fellows at JNV Gondhia
	School fees and other school development project	Child Education	Local	Dhenkenal-Odisha	1,690,700	1,690,700	-	1,690,700	Through Implementing Agency – Avanti Fellows at JNV Dhenkenal
	School fees and other school development project	Child Education	Local	Khorda- Odisha	1,690,700	1,690,700	-	1,690,700	Through Implementing Agency – Avanti Fellows at JNV Khorda
	School fees and other school development project	Child Education	Local	Sambalpur-Odisha	1,690,700	1,690,700	-	1,690,700	Through Implementing Agency – Avanti Fellows at JNV Sambalpur
	School fees and other school development project	Child Education	Local	Balangir-Odisha	1,690,700	1,690,700	-	1,690,700	Through Implementing Agency – Avanti Fellows at JNV Balangir

10	Construction of School Toilets	Community Development	Other	Silvassa- Gujarat	2,544,000	2,238,720	305,280 (12%)	2,544,000	Through Implementing Agency – Habitat for Humanity
11	Construction of School Toilets	Community Development	Other	Bangalore- Karnataka	3,123,400	2,748,592	374,808 (12%)	3,123,400	Through Implementing Agency – Habitat for Humanity

***Give details of implementing agency:**

<p>In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.</p>	<p>The Company was required to spend Rs. 19,348,680/- on CSR activities for the financial year 2017-18 and the unspent CSR amount of Rs. 12,318,366/- from previous years. During the year, the Company has spent Rs. 30,724,982 on CSR activities fulfilling the targeted CSR expenditure for F.Y.2017-18. An amount of Rs. 942,064/- was unspent from the previous year CSR outlay. However, the Company has made commitment of Rs. 897,000/- for Community development activities to be conducted in first quarter of F.Y. 2018-19. The Company is committed towards undertaking CSR activities in furtherance of the objectives of it's CSR Policy with the help of NGO partners and CSR Team consisting employee volunteers.</p>
<p>A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.</p>	<p>The CSR Committee shall undertake the CSR activities in compliance with the guidelines framed in the CSR Policy and meet the CSR objectives of the Company</p>

 Gokhan Cinar (Managing Director & Chief Financial Officer)	  Patrik Riese (Managing Director & Chief Executive Officer and Chairman of CSR Committee)
---	--

The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2017-18

Sr No	Name of Director	Designation	Remuneration	Median Remuneration of Employees of the company	Ratio of Directors Remuneration to Median
1	Andreas Kutzner	Managing Director – Front Office	16,349,690	898,000	18.21
2	Patrik Riese	Managing Director – Front Office	33,146,210	898,000	36.91
3	Gokhan Cinar	Managing Director – Back Office	23,471,610	898,000	26.14

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

Sr No	Name of Employees	Designation	Remuneration as on March 31, 2018	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	Patrik Riese	Managing Director – Front Office	33,146,210	Contractual	Bachelor in Business Administration 26 years	1-Jul-17	49 Years	VWFS, South Africa	NA	NA
2	Gokhan Cinar	Managing Director – Back Office	23,471,610	Contractual	Post Graduate in International Finance, 17 years	1-Dec-16	40 Years	Volkswagen Doğuş Finansman A.Ş., Turkey	NA	NA
3	Alexander Bargstaedt	Head of Business Transformation	19,762,460	Contractual	Masters of Art 16 Years	1-Oct-15	37 Years	VWFS AG, Germany	NA	NA
4	Andreas Kutzner	Managing Director – Front Office	16,349,690	Contractual	Bachelor in Business Management 36 years	1-Jun-15	58 Years	Volkswagen Bank Greece	NA	NA
5	Praaful Bakshi	Head Risk Management	14,374,010	Contractual	Post Graduate in Business Administration & Finance, MBA Finance	1-Mar-17	35 Years	HSBC Data Processing India	NA	NA
6	Claus Rothenhoefer	Head of Credit Assessment	8,122,650	Contractual	Bachelor Degree 20 years	1-Jan-15	49 Years	VWFS Mexico	NA	NA
7	Aashish Deshpande	Head of Business Development and Marketing	6,400,000	Permanent	MBA 21 years	1-Feb-15	43 Years	Skoda Auto India Pvt Ltd	NA	NA
8	Sai Swaroop Yarlagadda	Head - Operation, Collections & Legal	6,400,000	Permanent	MBA 21 years	21-Apr-17	42 Years	Magma Fincorp Ltd	NA	NA
9	Kaushal Mithani	Head of Treasury	5,597,000	Permanent	C.A. 19 Years	3-Jan-11	43 Years	Bunge India Private Limited	NA	NA
10	Kirti Maheshwari	Head of Sales and Distribution	5,259,000	Permanent	MBA 22 Years	20-Dec-10	46 Years	ICICI Bank Ltd	NA	NA





AASHISH K. BHATT & ASSOCIATES

Practising Company Secretaries

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

Form no. MR -3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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 my 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 31st March, 2018, 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 31st March, 2018, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;



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

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

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

I have also examined compliances with applicable clauses of:

- vi. Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committees Meetings (i.e Audit Committee,

A



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.

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 except Chapter VI of RBI Master Directions DNBR PD.008/03.10.119/2016-17 dated September 01, 2016 on compliance of fair practice code pertaining to communications in vernacular language;
- ii. Prevention of Money Laundering Act, 2002;
- iii. Insurance Regulatory Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

I further report that:

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



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 where the same were given at shorter notice, proper consent thereof were obtained 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.

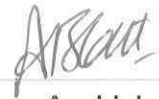
Majority decision(s) are carried out unanimously; no dissenting views were expressed which are required to be captured and recorded as part of the minutes.

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 Chief Executive Officer;
- (iv) Revision in remuneration of Managing Director;
- (v) Adoption of new set of Articles of Association;
- (vi) 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: *29/5/18*

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: 29/5/18



Aashish Bhatt

Proprietor

ACS No.: 19639, COP No.: 7023



FORM MGT-9

Extract of Annual Return as on Financial Year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- U65999MH2009FTC189640

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

iii) Name of the Company Volkswagen Finance Private Limited

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

v) Address of the Registered office and contact details

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

Town/City Mumbai

State Maharashtra

Pincode 400099

Telephone with STD 022 39521000

Fax 022 39521001

Email Address vwfpcompliance.india@vwfs.com

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

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

NA

Address

Town/City

State

Pincode

Telephone with STD

Fax

Email Address

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

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

If Yes, details of stock exchange where shares are listed

SI No. Stock Exchange name Code

1

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

Name of Registrar & Transfer Agents: Bigshare Services Private Limited

Address E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E).

Town/City Mumbai

State Maharashtra

Pincode 400 072

Telephone with STD 022 40430200

Area code

Number

Fax 022 2847 5207

Email Address babu@bigshareonline.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	
A.Promoters (1)Indian									
a)Individual / HUF	--	--	--	--	--	--	--	--	--
b)Central Govt	--	--	--	--	--	--	--	--	--
c)State Govt (s)	--	--	--	--	--	--	--	--	--
d)Bodies Corp.	--	--	--	--	--	--	--	--	--
e)Bank / FI	--	--	--	--	--	--	--	--	--
f)Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):-	0	0	0	0	0	0	0	0	0
(2)Foreign									
a)NRIs - Individuals	--	--	--	--	--	--	--	--	--
b)Other - Individuals	--	--	--	--	--	--	--	--	--
c)Bodies Corp.	--	1168802144	1168802144	100	--	1168802144	1168802144	100	NIL
d)Banks / FI	--	--	--	--	--	--	--	--	--
e)Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	0	1168802144	1168802144	100	0	1168802144	1168802144	100	0
Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)									
B.Public Shareholding									
1.Institutions									
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)	--	--	--	--	--	--	--	--	--
Sub- total (B) (1)	0	0	0	0	0	0	0	0	0
2.Non-Institutions									
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)	--	--	--	--	--	--	--	--	--
Sub-total (B)(2):- Total Public Shareholding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	0
C.Shares held by Custodian for GDR's & ADR's	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	1168802144	1168802144	100	0	1168802144	1168802144	100	0

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Volkswagen Financial Services AG	1,063,609,937	91.00	--	1,063,609,937	91.00	--	--
2	Volkswagen Finance Overseas B.V	105,192,207	9.00	--	105,192,207	9.00	--	--
	Total	1,168,802,144	100	--	1,168,802,144	100	--	--

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

No Change

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

(v) INDEBTEDNESS

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

				Amt in Rs.
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,000,000,000	27,277,272,445	0	43,277,272,445
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	690,092,329	7,772,677	0	697,865,006
Total (i + ii + iii)	16,690,092,329	27,285,045,122	0	43,975,137,451
Change in Indebtedness during the financial year				
* Addition	10,000,000,000	70,512,875,790	0	80,512,875,790
* Reduction	-4,000,000,000	-80,023,121,169	0	-84,023,121,169
Net Change	6,000,000,000	-9,510,245,379	0	-3,510,245,379
Indebtedness at the end of the financial year				
i) Principal Amount	22,000,000,000	17,767,027,066	0	39,767,027,066
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1,017,281,371	73,733,422	0	1,091,014,794
Total (i + ii + iii)	23,017,281,371	17,840,760,488	0	40,858,041,859

(VI) Remuneration of Directors and Key Managerial Personnel

(rounded off to nearest 10 digit)

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

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:					Amt in Rs.
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Hans Patrik Riese (appointed as MD and CEO with effect from July 01, 2017)	Mr. Gokhan Cinar (MD and CFO)	Mr. Andreas Kutzner (MD and CEO) (resigned as MD and CEO with effect from June 30, 2017)	
1	Gross Salary	14,778,760	16,370,900	14,028,890	45,178,550
	Gross Salary				
	b)Value of perquisites u/s 17(2) Income-tax Act, 1961	17,867,650	7,100,710	2,320,800	27,289,160
	c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	0
2	Stock Option	-	-	-	0
3	Sweat Equity	-	-	-	0
4	Commission	-	-	-	0
	- as % of profit	-	-	-	0
	- others, specify...	-	-	-	0
5	Others - Non taxable perquisites and payments	499,800	-	-	499,800
	Total (A)	33,146,210	23,471,610	16,349,690	72,967,510
	Ceiling as per the Act			Not Applicable	

B. Remuneration to other directors:

				Amt in Rs.
Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
1	Independent Directors	Mr. Mrinal Chnadran	Ms. Rupa Vora	
	* Fee for attending Board & Committee Meetings	900,000	1,400,000	2,300,000
	* Commission	-	-	-
	* Others, please specify	-	-	-
	Total (1)	900,000	1,400,000	2,300,000
2	Other Non-Executive Directors	Mr. Norbert Dorn (appointed as Additional Director with effect from September 29, 2017) Mr. Reinhard Flegler (resigned as Director with effect from September 29, 2017)		
	* Fee for attending Board & Committee Meetings		0	0
	* Commission		0	0
	* Others, please specify		0	0
	Total (2)		0	0
	Total (B)=(1+2)	900,000	1,400,000	2,300,000
	Total Managerial Remuneration			75,267,510
	Overall Ceiling as per the Act		Not Applicable	

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	CEO (please refer point VI (A))	
1	Gross salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		2,393,026		2,393,026
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0		0
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0		0
2	Stock Option		0		0
3	Sweat Equity		0		0
4	Commission				0
	- as % of profit		0		0
	- others, specify...		0		0
5	Others, please specify		0		0
	Total		2,393,026		2,393,026

(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			
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Pratik Pise

