

VOLKSWAGEN FINANCE PRIVATE LIMITED

Directors' Report

For the year ended March 31, 2015

DIRECTORS' REPORT

To
The Members,
Volkswagen Finance Private Limited

Your Directors have pleasure in presenting the FY2015 Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2015

FINANCIAL STATEMENTS & RESULTS

The Company's performance during the year ended 31st March 2015 as compared to the previous financial year is summarized below

Particular	Financial year ended 31 st March, 2015 (in Rs)	Financial year ended 31 st March, 2014 (in Rs)
Revenue from continuing operations	563,92,82,798	476,66,60,133
Less Expenditure from continuing operations	470,02,93,456	529,02,54,373
Profit/(Loss) before tax	93,89,89,342	(52,35,94,240)
Less Tax expense	30,52,28,120	(17 20 34,754)
Profit for the year from continuing operations	63,37,61,222	(35,15,59,486)
Profit from discontinuing operations after tax	-	-
Profit for the year	63,37,61,222	(35,15,59,486)

OPERATIONS

For the financial year ended March 31, 2015 your Company earned Profit Before Tax of Rs 9 390 89 lacs as against loss of Rs 5,236 lacs in the previous financial year and the Profit After Tax of Rs 6,338 lacs as against loss of Rs 3,516 lacs in the previous financial year. The total Income for the year under consideration was Rs 56,393 lacs and total expenditure was Rs 47,003 lacs. Main reason for the change of a loss in FY2014 into a profit in FY2015 was the

optimization of the risk position in the dealer lending portfolio. As on March 31, 2015, loan book stood at Rs 488 503 77 lacs

During the financial year ended March 31 2015, the Company mobilized Rs 40,000 lacs through Non-convertible debentures, Rs NIL lacs through subordinated debts, Rs 55,900 lacs through working capital demand loans, Rs 630,491 lacs through commercial paper and Rs 11,610 lacs through bank overdraft

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31 2015 stood at 22.93 % 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%

BUSINESS ENVIRONMENT FOR AUTOMOBILE INDUSTRY

According to The Society of Indian Automobile Manufacturers (SIAM) Industry performance in 2014-15 was as under

Production

The industry produced a total of 23.3 million vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21.5 million in April-March 2014, registering a growth of 8.7 percent over the same period last year

Domestic Sales

The sales of Passenger Vehicles grew by 3.9 percent in April-March 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 5.0 percent and 5.30 percent respectively, while Vans declined by (-) 10.2 percent in April-March 2015 over the same period last year

The overall Commercial Vehicles segment registered a de-growth of (-) 2.8 percent in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16.0 percent and Light Commercial Vehicles declined by (-) 11.6 percent

Company's performance

Considering the difficult macro-economic conditions and challenging business environment, the Company's performance during the year under review was satisfactory. The Company continued its focus on financing of VW Group cars in the Indian market. The VW Group during FY2015 was present via the brands VW, Skoda, Audi, Porsche, Lamborghini and MAN. The Loan book has increased by 7.3% during the FY year.

OUTLOOK AND OPPORTUNITIES

The real GDP growth rate is projected to pick up to a level of 7.4% for FY2016. Easing of domestic supply bottlenecks and progress on the implementation of stalled projects already cleared should contribute to growth.

RBI has set ambitious target of bringing down the CPI inflation to 6% by January, 2016. But the factors such as possible El Nino effects on agricultural production, uncertainty on the setting of minimum support prices for agricultural commodities and setting of other administered prices of fuel, fertilizer and electricity may pose threat in achievement of these targets.

Your directors expect that with stable government in center, estimates of better GDP growth rate, the Company's strong business model, innovative fund management techniques, and 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.

Report on performance of subsidiaries, associates and joint venture companies

During the year under review, your 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 year 2014-15, the Company has transferred Rs. 1,268 lacs (20% of the net profit for the year) to Special Reserve as required pursuant to the provisions of Section 451C of the Reserve Bank of India Act, 1934.

Deposits

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Disclosures under section 134(3)(f) of the Companies Act, 2013

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

In line with the provisions of the new Companies Act 2013, clause (e) of sub section 5 of section 134, the Board of Directors presents this statement on the Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism at Volkswagen Finance Private Limited (VWFPL) ("Company") and has thus framed a concept and policy for Internal Control over Financial Reporting with an objective to enable the company to effectively and efficiently develop the system of internal control that adapt to the changing business and operating environments, to mitigate risks to acceptable levels and to support sound decision making and governance of the organization.

As part of the internal control framework the management has developed complete policies and procedures framework through the Local Organizational Hand Book (L-OHB) for ensuring the orderly and efficient conduct of its business.

The Company also has an Internal Audit function that 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 both the Managing Directors and the rest of 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.

Internal Audit resides within the Managing Director & CEO's organization and reports to the Audit Committee of the Board of Directors. The head of Internal Audit function has at all times

direct access to the Audit Committee, without involvement of the management

The Board has set up corporate level controls, setting the tone at top containing FS values and Code of Conduct that provide discipline and structure to the decision making and ways of working. The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

To curtail the fraud risk and for prevention and detection of frauds and errors, Board had developed Anti-fraud and Anti-corruption policies. The Board also upholds good governance and has set up a Vigil Mechanism (whistle blowing mechanism) providing an opportunity to its employees and business partners, across the country to denounce any unethical or fraudulent activities observed during the day to day operations via five different reporting channels.

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.

Disclosure of orders passed by Regulators or Courts or Tribunal

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. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval on quarterly basis. The statement is supported by a Certificate from the Managing Director & CEO and the Managing Director & CFO. The Company has developed a Related Party Transactions policy for purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, Form AOC-2 has been enclosed as Annexure A

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 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

Board of Directors

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

Mr Pieter Griep (DIN 06784366) was appointed as an Additional Director of the Company, with effect from January 14, 2014 and held office up to the next Annual General Meeting (AGM) of the Company He was further appointed as Managing Director and Chief Financial Officer (CFO) from January 14, 2014 and May 22, 2014 respectively

Mr Reinhard Walter Fleger (DIN 02750961) and Mr Sanjay Mundade (DIN 02659176) were appointed as an Additional Director of the Company, with effect from September 26, 2014 and May 6, 2015 respectively held office up to the next Annual General Meeting (AGM) of the Company

Mr. Mrinal Chandran (DIN 02578553) and Ms. Rupa Vora (DIN 01831916) were appointed Non Executive Independent Additional Director of the Company with effect from November 7, 2014 and held office up to the next Annual General Meeting (AGM) of the Company

The said appointment(s) were made on the basis of the recommendation of the then existing members of the Nomination & Remuneration Committee of the Company

A proposal to seek approval for appointment of Mr. Reinhard Walter Flegler (DIN 02750961) and Mr. Sanjay Mundade (DIN 02659176) as a Director of the Company has been provided in the Notice of the forthcoming AGM

b Key Managerial Personnel

At the Board meeting of the Company held on May 22, 2014 it was noted and taken on record that the Company had already appointed the following personnels under the provisions of the erstwhile Companies Act, 1956 and were to be construed as the Key Managerial Personnels under the provisions of section 203 of the Companies Act, 2013

1. Chief Financial Officer – Mr. Pieter Griep appointed w e f 22 May 2014
2. Chief Executive Officer – Mr. Guy Broekmans appointed w e f 27 January 2015

At the duly convened Board meeting of the Company held on August 18 2014, Ms. Dipti Khandelwal was appointed as a Key Managerial Person designated as Company Secretary of the Company with immediate effect

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 and Clause 49 of the Listing Agreement

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act 2013

- a that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any,
- b that such accounting policies as mentioned in Note 2 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made 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, 2015 and of the profit of the Company for the year ended on that date,
- c that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- d that the annual financial statements have been prepared on a going concern basis,
- e that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively
- f that systems to ensure compliance with the provisions of all applicable laws were in place and 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 2015 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 22, 2014
2	August 18, 2014
3	September 26, 2014

4	November 7, 2014	
5	January 27, 2015	

- **Nomination and Remuneration Committee**

Pursuant to the provisions of the section 178 of the Act the Board had at its meeting held on November 7, 2014 changed the name of the Nomination Committee to Nomination and Remuneration Committee'

The Company for certain duration of the year, had only Executive Directors and upon of appointment of other Non-executive Independent, the Committee has been reconstituted and the composition is as under

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

In accordance with the provisions of Section 178 of the Act, the Nomination & Remuneration Committee of the Company has of 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 approved by the Board on February 20, 2015. The said Policy has been enclosed as Annexure B.

- **Audit Committee**

The Board had at its meeting held on November 7, 2014 reconstituted the Audit Committee in order to bring it in lines with the provisions of section 177(4) of the Act.

The Company, for certain duration of the year, had only Executive Directors and upon of appointment of other Non-executive Independent Directors, the Committee has been reconstituted and the composition is as under

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

- **Corporate Social Responsibility Committee**

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors at their meeting held on November 7, 2014 has constituted a Corporate Social Responsibility (CSR) Committee as under

- 1 Mr Guy Broekmans, Managing Director & CEO
- 2 Ms Rupa Vora, Independent Director
- 3 Mr Mrinal Chandran, Independent Director

Further the Board approved and adopted the CSR policy on January 27, 2015. On March 26, 2015, the first meeting of the Committee was convened wherein CSR team has been constituted, broad areas for CSR activities has been identified, however no amount has been spend

The content of the CSR Policy is reflected in the CSR policy and the CSR Committee is supported by a CSR Team to work out ideas on CSR and monitor expenditures on CSR activities

Quantum of amount required to be spend was Rs 72,01,566/- CSR Committee of the Board was formed in November 2014 and the CSR Policy of the Company was approved and adopted by the Board in January 2015. The amounts approved in the CSR committee originally were unaudited. The audited amounts to be set aside are Rs 72,73,369. Also, the CSR team had been identified around the same time. The CSR team needed time up to April 30, 2015 to identify the specific NGOs and Projects that the Company could commit to for CSR activities. Hence during the current financial year it was not possible for the Company to spend any amount on the corporate social responsibility activities.

- **Asset and Liability Management Committee**

Pursuant to the RBI Master circular on Corporate Governance, the Company had constituted the Asset and Liability Committee on September 19, 2010.

The constitution of the Committee as on March 31, 2015 under

- 1 Mr Guy Broekmans, Managing Director & CEO
- 2 Mr Pieter Griep, Managing Director & CFO
- 3 Mr Vaidyanathan Chandramouli, Head Risk

- 4 Mr Gurpreet Grover Head Operations
- 5 Mr Kaushal Mithani, Head Treasury

- **Risk Management Policy**

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

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

The Company has also constituted a Risk Management Committee in terms of the Master Circular on Corporate Governance, issued by the RBI and the constitution of the said Committee is as under:

- 1 Mr Guy Broekmans, 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 Dipti Khandelwal, Company Secretary & Compliance Officer

- **Vigil Mechanism Policy for the Directors and Employees**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

In accordance with the provisions of Section 177 (9) & (10) of the Act, the Board of the Directors at their meeting held on May 22, 2014 had approved vigil mechanism of the Company, which would be monitored by the Audit Committee of the Company which in turn would report to the Board of Directors of the Company pertaining matters relating to victimization of employees of the Company.

Annual evaluation of Directors, Committee and Board

During the year under review, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards' functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as attendance, contribution at the meetings and otherwise independent judgement, etc.

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, Please refer Annexure F.
- (b) Number of Permanent Employees on the rolls of the Company as on March 31, 2015
294
- (c) 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 0-16.7% 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.
- (d) Comparison of the remuneration of the Key Managerial Personnel against the

performance of the company

Cumulative Remuneration of Key Managerial Personnel	Gross profit of the Company	Net profit before tax of the Company	Net profit After tax of the Company
49,021,768	938,989,342	938,989,342	633,761,222

(e) Variations in the market capitalisation of the company Not Applicable

(f) Price earnings ratio as on March 31, 2015 and March 31, 2014 Not Applicable

(g) 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

(h) Variations in the net worth of the company as as on March 31, 2015 and March 31, 2014
In March 31, 2015 the net worth of the company is Rs 1,176 crores and in March 31, 2014 net worth of the company is Rs 1,113 crores hence there increased variation is of Rs 63 crores

(i) The average 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

(j) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

Remuneration of Key Managerial Personnel	Gross profit of the Company	Net profit before tax of the Company	Net profit After tax of the Company
Please refer Annexure F	938,989,342	938,989,342	633,761,222

(k) 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

(l) During FY2015 there were no employees with a remuneration in exceeding that of the highest paid director

(m) It is hereby confirmed that the remuneration paid to Directors and KMPs is as per the Remuneration approved by the Nomination & Remuneration Committee

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

Please refer table F for the Appointment and Remuneration Details of Key Managerial Personnel

Payment of Remuneration / Commission to Directors from holding company

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

AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under

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 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 re-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 31st March 2015

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

Secretarial Audit Report For The Year Ended 31st March 2015

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 2014-15

Secretarial Audit Report issued by M/s Aashish K Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2014 15 forms part to this report and is enclosed as Annexure D

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 31st March 2015 made under the provisions of Section 92(3) of the Act in Form MGT-9 is enclosed as Annexure E 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 not earned any foreign exchange. Refer 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 2014-15.

Disclosure pursuant the circular issued by Reserve Bank of India

With reference to clause E(6)(ii)(e) of circular no RBI/2013-14/117 A.P. (DIR Series) Circular No. 01 dated July 4, 2013 issued by the Reserve Bank of India, the Directors hereby confirm that the Company has not made any downstream investments.

Disclosure pursuant to the circular issued by the Securities & Exchange Board of India

The Shareholders are requested to note that your Company has issued Secured, Non-convertible Debentures, from time to time, and has thereby appointed IL&FS Trust Company Limited' to act as the trustee for the Debenture holders.

Pursuant to SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013, the contact details of the Debenture Trustees are mentioned herewith:

- Corporate and Registered office Address: 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 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



MANAGING DIRECTOR & CEO

DIN 06427074



MANAGING DIRECTOR & CFO

DIN 06784366

Date May 25th, 2015

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 22 39521001

Form No AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1 Details of contracts or arrangements or transactions not at arm's length basis **NOT APPLICABLE**

Sr	1	2	3	4	5
a	Name(s) of the related party and nature of relationship				
b	Nature of contracts / arrangements / transactions				
c	Duration of the contracts / arrangements / transactions				
d	Salient terms of the contracts or arrangements or transactions including the value, if any				
e	Justification for entering into such contracts or arrangements or transactions				
f	Date(s) of approval by the Board				
g	Amount paid as advances, if any				
h	Date on which the special				

resolution was passed in general meeting as required under first proviso to section 188			
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2 Details of material contracts or arrangement or transactions at arm's length basis **PLEASE**

REFER ATTACHMENT

Sr	1	2	3	4	5
a Name(s) of the related party and nature of relationship					
b Nature of contracts / arrangements / transactions					
c Duration of the contracts / arrangements / transactions					
d Salient terms of the contracts or arrangements or transactions including the value if any					
e Date(s) of approval by the Board, if any					
f Amount paid as advances, if any					

Form shall be signed by the persons who have signed the Board's report

Annexure - A

Sr. No.	1	2	3
Name(s) of the related party and nature of relationship	Volkswagen Group Sales India Private Limited Fellow subsidiary	Skoda Auto India Private Limited Fellow subsidiary	Volkswagen Group Sales India Private Limited Fellow subsidiary
Nature of contracts / arrangements / transactions	Interest subvention Income	Interest subvention Income	Brand Support Fees
Duration of the contracts / arrangements / transactions	Open Contract	Open Contract	Open Contract
Salient terms of the contracts or arrangements or transactions including the value, if any	<p>1 VWFPL shall provide support to VGS IPL for Volkswagen group brand vehicle by providing retail loans to prospective purchasers of the Brands vehicles at subvented rates for robust sales of Brands vehicles</p> <p>2 The Parties shall jointly formulate various interest subvention schemes from time to time in such a way that VWFPL is compensated for shortfall of interest charged to customers as compared to Standard / Rack Rate (Cost of funds + margin)</p> <p>3 Parties will separately agree about the details / contributions for individual schemes in writing</p> <p>Value - Rs 6 452 812</p>	<p>1 VWFPL shall provide support to SAIPL for skoda group brand vehicle by providing retail loans to prospective purchasers of the Brands vehicles at subvented rates for robust sales of Brands vehicles</p> <p>2 The Parties shall jointly formulate various interest subvention schemes from time to time in such a way that VWFPL is compensated for shortfall of interest charged to customers as compared to Standard / Rack Rate (Cost of funds + margin)</p> <p>3 Parties will separately agree about the details / contributions for individual schemes in writing</p> <p>Value - Rs 144 295 000</p>	<p>1 VWFPL shall provide support services to authorised Dealers or SAIPL by providing them Wholesale Finance Facility for robust dealer network and sales of AUDI & VW Brands vehicles</p> <p>2 Arrangement co terminus with Preferred Financier Agreement</p> <p>3 Brand Support fee would be Cost of funds plus x% This keeps changing from time to time for AUD & VW by way of amendment letter</p> <p>4 Brand Support Fee would be charged for 25 days from the date of dispatched of vehicles / spare parts to Dealers in case retail sales happen within 25 days then BSF would be charged till date on which VWFPL received payment</p> <p>5 VWFPL shall release Financial facility to VWGSIPL on behalf of VW / Audi dealers after 5 days from the date of dispatch of vehicles Initially it was 30 days for AUDI dealers</p> <p>Value - Rs 364 608 921</p>
Date(s) of approval by the Board, if any	NA	NA	NA
Amount paid as advances if any	Nil	Nil	Nil

4	5	6	7	8	9
Skoda Auto India Private Limited - Fellow subsidiary	Volkswagen Group Sales India Private Limited - Fellow subsidiary	Volkswagen Financial Services A.G. - Holding Company	Volkswagen Dilekeren Finance - Fellow subsidiary	Volkswagen Pon Financials Services - Fellow subsidiary	Volkswagen Services S.A DE C.V. - Fellow subsidiary
Brand Support Fees	Rent Expense	IT support charges Corporate guarantee fees and salary	Reimbursement of salary	Reimbursement of salary	Reimbursement of salary
Open Contract	To obtain from Admin	To obtain from IT / HR	To obtain from HR	To obtain from HR	To obtain from HR
<p>1 VWFPL shall provide support services to authorised Dealers of SAIPL by providing them Wholesale Finance Facility for robust dealer network and sales of Skoda Brands vehicles</p> <p>2 Arrangement co-terminus with Preferred Financier Agreement</p> <p>3 VWFPL shall release Financial facility to SAIPL on behalf of Skoda dealers after 5 days from the date of dispatch of vehicles</p> <p>4 Brand Support fee would be Cost of funds plus x%. This keeps changing from time to time</p> <p>5 Brand Support Fee would be charged for 25 days from the date of dispatched of vehicles / spare parts to Dealers. In case retail sales happen within 25 days then BSF would be charged till date on which VWFPL received payment</p> <p>Value Rs 58,058,790</p>	<p>The Agreement is based on rental & expense cost sharing of Andher & Gurgaon office</p> <p>Value Rs 9,058,167</p>	<p>The agreement is based on IT support charges corporate guarantee fees and salary</p> <p>Value Rs 96,622,647</p>	<p>1 The agreement of contract for a particular expat employee is for a fixed contractual period</p> <p>2 The assignment including cost is agreed between Home Company and Host Company of the employee</p> <p>3 The cost of assignment for the expat employee is borne by the host company</p> <p>Value Rs 6,495,767</p>	<p>1 The agreement of contract for a particular expat employee is for a fixed contractual period</p> <p>2 The assignment including cost is agreed between Home Company and Host Company of the employee</p> <p>3 The cost of assignment for the expat employee is borne by the host company</p> <p>Value Rs 7,261,898</p>	<p>1 The agreement of contract for a particular expat employee is for a fixed contractual period</p> <p>2 The assignment including cost is agreed between Home Company and Host Company of the employee</p> <p>3 The cost of assignment for the expat employee is borne by the host company</p> <p>Value Rs 1,325,277</p>
NA	NA	NA	NA	NA	NA
Nil	Nil	Nil	Nil	Nil	Nil

Source	Volkswagen Finance India Organisational Handbook
Document title	Guideline_ Director's Appointment
Document classification	Internal
Document hierarchy	Charter
Valid from	27-01-2015
Replaces version of	
Stakeholder	VWFPL Board of Directors, Nomination & Remuneration Committee
Responsible department	Compliance

Version	Valid Date	Status	Author	Approved By	Cross Reference (Title and Version)
V	January 27, 2015	Original	Dipti Khandelwal	Guy Broekmans Pieter Griep	-

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4	Evaluation of Fit & Proper Criteria	3
5	Criteria for determining Independence of Director	4
6	Qualification to become Director	5
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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 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

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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

7 Independent /non-executive Directors nominated to the board of VWFPL should be between 35 to 70 years of age

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

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(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

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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/investorinformation
The Composition of CSR Committee	Mr. Guy Broekmans Mr. Mrinal Chandran Ms. Rupa Vora
Average net profit of the company for the last three financial years	Rs 363,668,447/-
Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs 7,273,369/-
Details of CSR spent during the financial year	
a) Total amount to be spent for the financial year	Rs 7,273,369/-
b) Amount unspent, if any	Rs 7,273,369/-
c) Manner in which the amount spent during the financial year is detailed below	Not Applicable

Sr N o	CSR projec ts or activit	Sector in which the	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads	Cumulati ve expenditu re upto	Amount spent Direct or through
--------------	-----------------------------------	------------------------------	----------------------	-------------------------------------------------------	-------------------------------------------------------	----------------------------------------	-----------------------------------------

Project identified	Project covered					the reporting period	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	

*Give details of implementing agency

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	Pursuant to the CSR Committee meeting held on 26 th March, 2015 the members appointed execution CSR team to undertake the necessary activities. The CSR team was involved in recognizing the special NGOs and projects. In order to evaluate NGOs in the field of promoting education and rural development the CSR team was in process till the financial year ended. The CSR team assures to deliver internal and external positive socio-environmental impact while ensuring the focused contribution towards CSR.
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	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

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)
--------------------------------------------------------------------	----------------------------------

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AASHISH K. BHATT & ASSOCIATES

Practising Company Secretaries

Aashish K Bhatt
B Com , A C S , PGDSL

Secretarial Audit Report

*[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]*
for the financial year ended 31st March, 2015

To
The Board of Directors,
Volkswagen Finance Private Limited
Mumbai

Dear Sir(s)/ Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions as agreed 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 us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon

Based on our 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, we hereby report that in our opinion, the Company has, during the financial year ended 31st March 2015 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 We 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, 2015, according to the provisions of

[Handwritten signature and circular stamp of Aashish K. Bhatt & Associates, Practising Company Secretaries, Mumbai]

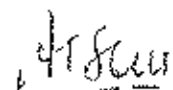
- I The Companies Act, 2013 (the Act) and the rules made thereunder,
- II The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made thereunder,
- III The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder,
- IV Foreign Exchange Management Act, 1999 and the rules 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

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,
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011,
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992,
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009,

पृष्ठ संख्या 163

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- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998,
- g) 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

We have also examined compliances with applicable clauses of

- vi Secretarial Standards issued by the Institute of the Company Secretaries of India - **Not notified hence not applicable to the Company during the audit period,**
- vii 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 subject to the following observations

- 1 In accordance with the provisions of the Section 135 of the Act, the Company is required to spend Rs 7 273,369 towards Corporate Social Responsibility (CSR) During the year, the company has not spent any amount towards CSR program The Company is committed to gradually incur its CSR spend in the coming years
- 2 In accordance with the provisions of Section 177 and 178 of the Act, the Company has constituted "Audit Committee" and "Nomination and Remuneration Committee", however upon its reconstitution it was align as per the requirement of law

Further we 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

[Signature]

- 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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive 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

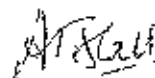
Adequate notice is given to all Directors to schedule the Board Meetings agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation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

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes

We 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

We 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

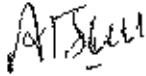
- (i) Issuance of Non Convertible Debentures on Private Placement Basis
- (ii) Redemption of Non Convertible Debentures
- (iii) Approval of borrowing limits under Section 180(1)(c) of the Act
- (iv) Appointment of Independent and other Directors

for 2023
for 2023


(v) Constitution and Re-constitution of various Committees

For Aashish K Bhatt & Associates

Company Secretaries



Aashish Bhatt

Proprietor

ACS No 19639

COP No 7023

ACS No 19639

COP No 7023

Place Mumbai

Dated 25/5/15

FORM MGT 9

Extract of ANNUAL RETURN as on Financial Year Ended on 31st March 2015

VOLKSWAGEN FINANCE PRIVATE LIMITED

[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 U65999MH2009FTC109640

Foreign Company Registration Number/GLN

ii) Registration Date 1 0 0 1 2 0 0 8
D D M M Y Y Y Y

iii) Name of the Company Volkswagen Finance Private Limited

iv) Category of the company [Please tick wherever applicable]

1 Public Company ☐2 Private Company ☒

iv) Sub Category of the Company [Please tick whichever are applicable]

1 Government Company	<input type="checkbox"/>
2 Small Company	<input type="checkbox"/>
3 One Person Company	<input type="checkbox"/>
4 Subsidiary of Foreign Company	<input type="checkbox"/>
5 NDTL	<input type="checkbox"/>
6 Curatorship Company	<input type="checkbox"/>
7 Limited By Shares	<input type="checkbox"/>
8 Unlimited Company	<input type="checkbox"/>
9 Company having share capital	<input checked="" type="checkbox"/>
10 Company not having share capital	<input type="checkbox"/>
11 Company registered under Section 8	<input type="checkbox"/>

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 dipti.bhandelwal@vwfs.com

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

Website If Any www.volkswagenfinanceindia.co.in

Address for correspondence If different from address of registered office	N	A							

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

NA

Address

Town/City

State

Pincode

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 / IIFs									
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)									
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	0	1168802144	1168802144	100	0	1168802144	1168802144	100	0
B Public Shareholding									
1 Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Fund									
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 GDRs & ADRs	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	90.9969988	—	1 063 609 937	90.9969988	—	
2	Volkswagen Finance Overseas B.V.	105 192 207	9.000001201	—	105 192 207	9.0000012	—	
	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		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 Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer, bonus, 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		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
	For Each of the Top 10	NOT APPLICABLE			
	At the beginning of the year				
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer, bonus, etc.)				
	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	For Each of the Directors and KMP	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	0	0	0	0
	On a wise Increase /Decrease in Share holding during the year specifying the reason, for increase/decrease (e.g allotment / transfer/ bonus/ sweat equity etc)	0	0	0	0
	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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9 000 000 000	21 483 472 265	0	30,483,472,265
ii) Interest due but not paid	0	0	0	
iii) Interest accrued but not due	232 208 548	4 255 801	0	236,462,749
Total (i + ii + iii)	9 232 208 548	21 487 728 166		30,719,935,014
Change in Indebtedness during the financial year				
* Addition	4 000 000 000	68 800 113 605		73,800,113,605
Reduction	(1 500 000 000)	(69 046 199 842)		(70 546 199 842)
Not Change				
Indebtedness at the end of the financial year				
i) Principal Amount	11 500 000 000	22 737 586 028		33,737 586 028
ii) Interest due but not paid				
iii) Interest accrued but not due	297 878 081	789 930		298,668,011
Total (i + ii + iii)	11 797 878 081	22 738 375 958		34,036,034,039

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(V) 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. Jeter Chelap (MD/CEO)	Mr. Vijay Broekmans (WTD/CEO)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act 1961	10086581	13254813	
	b) Value of perquisites u/s 17(2) Income tax Act 1961	3837409	4618855	
	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			
	as % of profit	0		
	others specify	0		
5	Others: Non taxable perquisites and payments	10592792	5298194	
	Total (A)	21616862	23171662	
	ceiling as per the Act	Not Applicable		

B Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Director		Total Amount
1	Independent Directors	Mr. Arnab Choudhary	Ms. Rupali Vora	
	Fee for attending board committee meetings	300000	300000	600000
	Commission			
	Others, please specify			
	Total (1)	300000	300000	600000
2	Other Non-Executive Directors	Mr. Reinhard Fledger		
	Fee for attending board committee meetings	0		
	Commission	0		
	Others, please specify	0		
	Total (2)	0		
	Total (B)=(1+2)	600000		
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	Not Applicable		

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

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CFO	Company Secretary	CEO	Total
			Ms. Dipi Khandelwal		
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act 1961		987195		
	b) Value of perquisites u/s 17(2) Income tax Act 1961		0		
	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 please specify				
	Total (A)		987195		

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(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					

Annexure F to Directors Report

Sr No	Name of KMP	Designation	Remuneration	Nature of Employment, whether contractual or otherwise	qualifications and experience	date commencement of employment	of Age	last employment before joining the company	Median Remuneration of Employees of the	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	24,616,862	Contractual	MBA 11 Years	2/1/2014	46	Volkswagen PON Financial Services BV, Netherlands	430,607	57.17	NA	NA
2	Guy Broekmans	Managing Director – Front Office	23,171,662	Contractual	Master's degree in chemistry	1/11/2012	58	Volkswagen Finance (China) Co., Ltd., Beijing, China	430,607	53.81	NA	NA
3	Dipti Khandelwal	Company Secretary & Compliance Officer	1,233,244	Permanent	CS & LLB 9 years	10/7/2014	34	Aegis Limited, Essar Group Company	430,607	2.86	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 commencement of employment	of 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	24,616,862	Contractual	MBA 11 Years	2/1/2014	46	Volkswagen PON Financial Services BV, Netherlands	NA	NA
2	Guy Broekmans	Managing Director – Front Office	23,171,662	Contractual	Master's degree in chemistry	1/11/2012	58	Volkswagen Finance (China) Co., Ltd., Beijing, China	NA	NA
3	Dipti Khandelwal	Company Secretary & Compliance Officer	1,233,244	Permanent	CS & LLB 9 years	10/7/2014	34	Aegis Limited, Essar Group Company	NA	NA
4	V Chandramouli	Head of Risk Management, Collections & Customer Care	7,182,833	Permanent	Bachelor Degree in Mathematics & 22 years	15/11/2010	49	HDFC Bank	NA	NA
5	Gurpreet Grover	Head of Sales & Dealer Network (till Dec 2014) Head of Operations (from Jan 2015 onwards)	7,098,087	Permanent	MBA 16 years	15/10/2010	42	ICICI Bank	NA	NA
6	Mrinal Ghosh	Head of Operations (till December 2014)	6,102,960	Permanent	CA 17 years	21/12/2010	44	ICICI Bank	NA	NA
7	Roman Vavron	Head Business Strategy & Marketing	3,052,464	Contractual	Bachelor Degree 14 years	1/5/2010	41	Skoda Financial Services Czech Republic	NA	NA
8	Detlef Gottschlich	Head of IT	18,295,845	Contractual	Graduate in Business Information systems 20 years	1/2/2014	49	VWFS AG, Germany	NA	NA
9	Yannik Kern	Senior Manager IT Governance, Risk & Compliance	14,481,515	Contractual	Graduate in IT 7 years	1/5/2013	25	VWFS AG, Germany	NA	NA
10	Claus Rothenhoefer	Head of Wholesale Risk & Stock Audit	13,038,222	Contractual	Bachelor Degree 18 years	1/1/2015	45	VWFS Mexico	NA	NA

