

VOLKSWAGEN FINANCE

PRIVATE LIMITED

Directors' Report
For the Financial Year ended March 31, 2020

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, 2020.

FINANCIAL PERFORMANCE

The Company's performance during the financial year 2019-20 as compared to the previous Financial Year is summarized below:

Particular	Standalone		Consolidated	
	Financial year ended March 31, 2020	Financial year ended March 31, 2019	Financial year ended March 31, 2020	Financial year ended March 31, 2019
Total Income	48,229	59,264	48,229	59,264
Less: Expenditure	46,456	65,108	46,456	65,108
Share of loss of associate	-	-	(209)	-
Profit / (Loss) before tax	1,773	(5,844)	1,564	(5,844)
Less: Tax expense	4,220	(2,031)	4,220	(2,031)
Profit / (Loss) after Tax	(2,447)	(3,813)	(2,656)	(3,813)
Other Comprehensive Income (net of tax)	(8)	20	(8)	20
Total Comprehensive Income as per Ind AS	(2,455)	(3,793)	(2,664)	(3,793)

OPERATIONAL PERFORMANCE

For the Financial Year ended March 31, 2020, your Company earned a Profit before Tax of Rs. 1,773 lacs as against Loss of Rs. 5,844 lacs in the previous Financial Year and the Loss after Tax of Rs. 2,447 lacs as against Loss of Rs. 3,813 lacs in the previous Financial Year. The Total Income for the year under consideration was Rs. 48,229 lacs and total expenditure was Rs. 46,456 lacs. The tax expense for the year was Rs. 4,220 lacs comprising of current tax of Rs. 51 lacs and deferred tax of Rs. 4,169 lacs.

The Company intends to continue growing as part of its ROUTE2025 strategy. A very important part of this growth strategy is the digitalization of the business model. One of the first steps in this direction is the strategic investment in acquiring 25.10% of equity share capital of Kuwy Technology Service Private Limited (Kuwy) in August 2019. The Company's core business of wholesale and retail finance has seen a downturn during the financial year owing unprecedented slump in auto industry. The Company has maintained steady performance in insurance intermediary and operating lease business.

During the year under review, the Company met its funding requirements through issue of Commercial Papers (“CPs”) and Bank borrowings. The aggregate debt (NCDs, CPs and Bank borrowings) outstanding as on March 31, 2020 was Rs. 222,719 lacs.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 129 (3) of the Companies Act, 2013, Consolidated Financial Statement of the Company and its Associate Company Kuwy Technology Service Private Limited is attached to the Financial Statements. The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended. The Audited Consolidated Financial Statements together with Auditors Report forms part of the Financial Statements. The Consolidated loss after tax for the year is Rs. 2,664 lacs.

CAPITAL ADEQUACY RATIO

Your Company’s total Capital Adequacy Ratio (CAR), as of March 31, 2020, stood at 35.05% 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 challenges faced by the Indian automobile industry, rate competitiveness in market and increase in dealer default, the Company has booked losses for the year under review. The Company continued its focus on financing of Volkswagen Group Cars and Commercial Vehicles. During the Financial Year 2019-20, the Volkswagen Group was present via the brands Volkswagen, Skoda, Audi, Porsche, Lamborghini, Ducati and Scania. The Loan book (Retail and Wholesale) has reduced by 28% during 2020, primarily due to lower Deliveries to Customers on account of phase out of models and lower penetration as an impact out of lack of exclusive subvention.

Brand wise performance at a glance (as at March 31, 2020)

	Amt in lacs	
	Retail Earning Assets	Wholesale Earning Assets
Volkswagen	101,903	15,570
Audi	69,758	21,164
Skoda	56,846	10,579
Porsche	1,920	7,050
Lamorghini	1,209	3,108
Ducati	447	113
Man	1,760	-
Scania	5,668	53,161
Used Cars	12,879	-
Other	573	9,144
Total	252,963	119,888

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

On October 10, 2019, the Company has invested Rs. 23.38 crore to acquire 3,57,227 equity shares of Rs. 10 each resulting in 25.10% stake in the equity capital and to subscribe for 99,625 Cumulative Convertible Preference Shares of Rs. 10 each resulting in 100% stake in preference share capital of Kuwy Technology Service Private Limited ("Kuwy Technology"). Kuwy Technology is one of India's leading instant lending digital platform and through this alliance, the Company will now have access to Kuwy's Pan India network on car financing. The acquisition of stake is also in line with the India 2.0 strategy of the Company in a quest to offer better value to the consumer. The performance of Kuwy Technology and its contribution to overall performance of the Company is detailed in AOC -1 as Annexure 'B' to this Report.

During the year under review, the Company did not have any subsidiary 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.

COMPLIANCES PERTAINING TO DOWNSTREAM INVESTMENT

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

DIVIDEND

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

TRANSFER TO RESERVES

There being no profits during the year, the Company has not transferred any amount to the Special Reserve under section 45 IC 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

The impact of Covid-19 has been disruptive on the operations of the Company. With dealer showrooms being closed in the months of April and part of May, individual loan disbursements as well as dealer finance business have continued to be impacted. The Company adopted a compulsory work from home policy for all its employees since March 17, 2020. Retail loan disbursements were disrupted in the latter half of the month of March 2020. Recovery efforts were hampered since the latter half of March 2020, which is resulting in an increase in non-performing loans. In accordance with the directions by the Reserve Bank of India, the Company has offered the moratorium to customers whose loans were standard/overdue as at February 29, 2020 for the period March 1, 2020 and May 31, 2020 now extended till August 31, 2020. However, since this situation is exceptional and is changing dynamically, the future impact on Company's operations is yet to be seen.

The Company has decided to leverage the co-operation forged with Kuwy Technology Service Private Limited (Kuwy) to generate greater added value for customers as well as for its dealer partners and the brands of the Volkswagen Group. As decided by the Board of Directors at its Meeting held on July 30, 2020, the new Retail business of the Company would be taken forward on Kuwy Platform in the phased manner and the Company would continue being finance partner to the wholesale business and as a Corporate Insurance agent. The existing retail customers would be continued to be supported by the Company.

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 operations to ensure maker-checker concept at each stage, 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. Although the project for new Loan Management System could not be fructified due to quality issues with the vendor, the Company is working to revamp the existing Loan Management System with improved controls and automation. 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 Company has internal financial control system that was operating effectively except as specified in Directors Responsibility Statement. As on the date of the report, the corrective measures have been implemented in the Loan Management Software and the necessary accounting impact has been recognized in the books of accounts as on March 31, 2020.

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 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 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 'C' and is also uploaded on the Company's website.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

For the Financial Year ended March 31, 2020, the provisions of section 186 of the Act, except sub section 1, are not applicable to the loans, guarantees and securities made by the Company as it is established with the object of and engaged in the business of financing industrial enterprises.

DISCLOSURE UNDER OTHER SECTIONS OF THE COMPANIES ACT, 2013

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

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

DISCLOSURE UNDER 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, 2020:

Sr. No	Name of Directors	Designation
1.	Mr. Ashish Deshpande	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. Jambunathan Subramanian	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

In order to have good mix of backgrounds, capabilities and experience to provide guidance to the Company's strategic and operating issues, the Company has continued having Independent Directors as Board members which is no longer a statutory requirement for Company.

Upon recommendation of Nomination & Remuneration Committee and the Board of Directors, Mr. Jambunathan Subramanian (DIN 00969478) was appointed as Additional Director of the Company with effect from September 24, 2019. Mr. Subramanian is a Management graduate with 26 years of experience in banking and financial services, 18 of which have been in leadership positions. He is currently with Shriram Group, one of the largest financial services conglomerate in the country, as the CEO and Managing Director of Shriram Housing Finance Limited.

In order to benefit the Company from his independent perspective and vast knowledge, the Members at their Extra-Ordinary General Meeting held on November 05, 2019, appointed Mr. Jambunathan Subramanian as an Independent Director for a period of 5 years with effect from September 24, 2019 to September 23, 2024.

Ms. Rupa Vora, Independent Director of the Company has 3 decades of experience in Finance; of which 11 years with IDFC Group and a decade in Banking. She was appointed as Independent Director of the Company w.e.f November 7, 2014 and the term of appointment was expiring in November, 2019. The association with Ms. Rupa Vora as Independent Director was of immense benefit to the Company considering her expertise and experience. Hence, the Company decided to re-appoint Ms. Rupa Vora for second term of 5 years. Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the Members at their Extra-Ordinary General Meeting held on November 05, 2019, re-appointed Ms. Rupa Vora (DIN 01831916) for a second term of 5 (five) consecutive years commencing from November 07, 2019 to November 06, 2024.

Mr. Mrinal Chandran (DIN: 02578553) resigned as an Independent Director of the Company with effect from July 29, 2019.

The Board of Directors places on record its sincere appreciation for contribution made by Mr. Mrinal Chandran during his tenure as Director of the Company.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Company has also received confirmations from Independent Directors pertaining to inclusion of their name in the Data Bank. The Board is of the opinion that the Independent Directors appointed during the year possess integrity, expertise and experience.

The Company has received a nomination letter from its shareholder, Volkswagen Financial Services A.G., proposing Mr. Gokhan Cinar (DIN 07649354) for re-appointment as a Managing Director and CFO (Chief Financial Officer) of the Company for further period of 19 months. Accordingly, based on recommendations of Nomination & Remuneration Committee and Board of Directors, the Members at their Extra-Ordinary General Meeting held on November 29, 2019 has re-appointed Mr. Gokhan Cinar (DIN: 07649354) as Managing Director and Chief Financial Officer of the Company for a further period of 19 months with effect from December 01, 2019 till June 30, 2021. The Reserve Bank of India has granted approval for the said re-appointment.

b. Key Managerial Personnel

Mr. Gokhan Cinar (DIN: 07649354) was reappointed as Managing Director and Chief Financial Officer of the Company for a further period of 19 months with effect from December 01, 2019 till June 30, 2021.

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, 2020, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent has been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss 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, 2020 have been prepared on a going concern basis;
- (v) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively except internal financial controls over recording of interest on loans as specified in point (a) of Annexure II of the Report by Statutory Auditors. The Company has taken corrective measures as specified in note no. 46 of the notes to the Standalone Audited Financial Statements; and
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met 4 times during the financial year ended 31st March 2020 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, 2019
2.	September 24, 2019
3.	November 05, 2019
4.	January 31, 2020

Sr. No	Name of Directors	Number of Meetings attended
1	Mr. Gokhan Cinar	4
2	Mr. Ashish Deshpande	4
3	Mr. Norbert Dorn [%]	2
4	Ms. Rupa Vora	4
5	Mr. Jambunathan Subramanian [#]	3
6	Mr. Mrinal Chandran [*]	1

[%]Attended Meeting held on September 24, 2019 and January 31, 2020 via Video conference

[#]Appointed as an Independent Director w.e.f September 24, 2019

^{*}Resigned as Director w.e.f July 29, 2019

Committees of the Board

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

a. Audit Committee:

The Company has a duly constituted Audit Committee in compliance Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The scope of the Audit Committee *inter alia* includes, examination of the financial statement and the auditors' report thereon, approval or any subsequent modification of transactions of the Company with related parties; recommending to the Board the appointment, remuneration and terms of appointment of auditors of the Company, oversight of the Company's financial reporting process and vigil mechanism and review of Internal Audit Reports. The Committee was reconstituted on May 29, 2019 to appoint Mr. Norbert Dorn, Non-Executive Director as member of the Committee in place of Mr. Gokhan Cinar, Managing Director and CFO and on September 24, 2019 to appoint Mr. Jambunathan Subramanian, Independent Director as member of the Committee in place of Mr. Mrinal Chandran who had resigned as Director of the Company w.e.f. July 29, 2019.

Composition of the Audit Committee as on March 31, 2020:

1. Mr. Norbert Dorn, Non- Executive Director
2. Ms. Rupa Vora, Independent Director
3. Mr. Jambunathan Subramanian, Independent Director

Meetings held during the Financial Year 2019-20:

Sr. No	Date of the Meeting
1.	May 29, 2019
2.	November 05, 2019
3.	January 31, 2020

Attendance record:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Norbert Dorn [%]	1
2.	Ms. Rupa Vora	3
3.	Mr. Jambunathan Subramanian [#]	2
4.	Mr. Gokhan Cinar	1
5.	Mr. Mrinal Chandran [*]	1

[%]Appointed as a Member of the Committee on May 29, 2019 and attended Meeting held on January 31, 2020 via Video conference

[#]Appointed as Independent Director w.e.f September 24, 2019

^{*}Resigned as Director w.e.f July 29, 2019

b. Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration Committee in accordance with Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which has been authorized to establish the criteria for selection to the Board, to evaluate the proposed candidate on fit and proper criteria as may be prescribed by RBI. The Committee was reconstituted on September 24, 2019 to appoint Mr. Jambunathan Subramanian, Independent Director as member of the Committee in place of Mr. Mrinal Chandran who had resigned as Director of the Company w.e.f. July 29, 2019.

Composition of the Nomination & Remuneration Committee as on March 31, 2020:

1. Mr. Norbert Dorn, Non-Executive Director
2. Ms. Rupa Vora, Independent Director
3. Mr. Jambunathan Subramanian, Independent Director

Meetings held during the Financial Year 2019-20:

Sr. No	Date of the Meeting
1.	May 29, 2019
2.	November 05, 2019

Attendance record:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Norbert Dorn	2
2.	Ms. Rupa Vora	2
3.	Mr. Jambunathan Subramanian [#]	1
4.	Mr. Mrinal Chandran [*]	1

[#]Appointed as Independent Director w.e.f September 24, 2019

^{*}Resigned as Director w.e.f July 29, 2019

The Company has followed the procedure where evaluation of Directors' individual performance, evaluation of performance of Board and its Committees is carried by the Board of Directors. Additionally, evaluation of performance of Non-Independent Directors is carried out by Independent Directors at their separate meeting.

The Remuneration Policy sets out the guidelines for the Remuneration of the Directors and Key Managerial Persons of the Company. Guideline on Director's Appointment and Remuneration defines the overall framework for determining appointment of Directors, which includes qualifications, positive attributes, fit and proper criteria and Independence and evaluation methodology. During the year, the Company's existing policies i.e., Remuneration Policy and Guideline on Director's Appointment and Remuneration has been amended to align with statutory amendments regarding inclusion of outcome of the online proficiency test conducted by the notified Institute in the evaluation criteria for appointment of Independent Directors.

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

c. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility (CSR) Committee monitors the CSR Policy of the Company and allocates the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013. The CSR Policy of the Company defines the overall framework of CSR, the Policy has been amended to include changes in Schedule VII to the Companies Act, 2013, as amended from time to time. The Committee was reconstituted on September 24, 2019 to appoint Mr. Jambunathan Subramanian, Independent Director as member of the Committee in place of Mr. Mrinal Chandran who had resigned as Director of the Company w.e.f. July 29, 2019.

Composition of the Corporate Social Responsibility Committee as on March 31, 2020

1. Mr. Ashish Deshpande, Managing Director & CEO
2. Ms. Rupa Vora, Independent Director
3. Mr. Jambunathan Subramanian, Independent Director

Meetings held during the Financial Year 2019-20:

Sr. No	Date of the Meeting
1.	May 29, 2019
2.	November 05, 2019

Attendance record:

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

[#]Appointed as Independent Director w.e.f September 24, 2019

^{*}Resigned as Director w.e.f July 29, 2019

Update on CSR activities of the Company for F.Y. 2019-20

The Company was required to spend Rs.11,940,740/- on CSR activities for the financial year 2019-20 and the unspent CSR amount of Rs. 7,126,850/- from previous years.

During the year, the Company has spent Rs. 16,725,648/- on CSR activities. The balance of Rs. 2,341,942, which was unspent as of March 31, 2020 has been subsequently spent detailed as under:

Sr. No.	Particulars	Amount in Rs.
1.	Contribution to PM Cares Fund on April 15, 2020	935,937
2.	Contribution to Watershed Organization Trust for the Jharkhand Project on June 03, 2020.	1,406,005

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 'D'.

The Policy is also available on the website of the Company at following link:

<https://www.vwfs.co.in/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 Dahanu-Maharashtra, Taldi-West Bengal and Ghaziabad-Uttar Pradesh / NCR.

Sanitation units were built in identified Government Schools located in the above locations benefitting over 2,000 students, including special children. 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 is being implemented in 3 villages in Karauli district, Rajasthan.

The objectives of the project are:

- Sustainable and inclusive approaches for soil conservation, regeneration of degraded lands and
- improved soil health, availability of water for irrigation and better livestock management are being planned for enhanced overall productivity; Enhance the capacities of the village level institution to become proactive catalyst in the development endeavors of their own village through training and awareness generation.



III. PM Cares

Considering the global pandemic situation, a contribution was made to PM Cares Fund for the overall national welfare.

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, 2020:

1. Mr. Ashish Deshpande, Managing Director & CEO
2. Mr. Gokhan Cinar, Managing Director & CFO
3. Mr. Samrat Ghosh, Head of Risk Management
4. Mr. Dinesh Kulkarni, Head of Treasury & Controlling
5. Mr. Rahul Pimpale, Head of Credit Assessment
6. Ms. Harshada Pathak, Company Secretary & Compliance Officer

Meetings held during the Financial Year 2019-20:

Sr. No	Date of the Meeting
1.	June 20, 2019
2.	September 20, 2019
3.	December 19, 2019
4.	March 26, 2020 (via Skype Call)

Attendance record of Board Members:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Ashish Deshpande	3
2.	Mr. Gokhan Cinar	4

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. The Company has also conducted 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise in line with KYC Master Directions issued by RBI to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

Composition of the Risk Management Committee as on March 31, 2020:

1. Mr. Ashish Deshpande, Managing Director & CEO
2. Mr. Gokhan Cinar, Managing Director & CFO
3. Mr. Samrat Ghosh, Head of Risk Management
4. Mr. Rahul Pimpale, Head of Credit Assessment
5. Ms. Harshada Pathak, Company Secretary & Compliance Officer

Meetings held during the Financial Year 2019-20:

Sr. No	Date of the Meeting
1.	April 25, 2019
2	July 25, 2019
3	October 23,2019
4	January 24, 2020

Attendance record of Board Members:

Sr. No	Name of Directors	Number of Meetings attended
1.	Mr. Gokhan Cinar	4
2.	Mr. Ashish Deshpande	3

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

f. Information Technology (IT) Strategy Committee:

In accordance with the Master Directions - Information Technology Framework for the NBFC Sector, 2017 issued by RBI, the Board has formulated the IT Strategy Committee which focuses focus on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing.

Composition of the IT Strategy Committee as on March 31, 2020:

1. Ms. Rupa Vora, Independent Director and Chairperson of the Committee
2. Mr. Ashish Deshpande, 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 2019-20:

Sr. No	Date of the Meeting
1.	May 27, 2019
2.	October 11, 2019
3.	March 31, 2020 (via Telephonic call)

Attendance record of Board Members:

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

VIGIL MECHANISM

The Company encourages a free and open culture in its dealings with its employees, vendors, business partners and hence has established Whistle Blowing system which serves as vigil mechanism as envisaged in section 177 (9) of the Companies Act, 2013, for the directors and employees to report their genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of the law or company's code of conduct. The whistle blowing mechanism provides for adequate safeguards against victimization of persons who use such mechanism and is monitored by the Audit Committee. No alerts were received by the Company through Whistle Blowing system during the Financial Year 2019-20. The Policy is available on the website of the Company at following link: <https://www.vwfs.co.in/Compliance.html>

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 'E'. Independent Directors do not receive any remuneration from the Company apart from sitting fees.
- (ii) The percentage increase in remuneration of Chief Executive Officer is **16%**, Chief Financial Officer is **12%** and that for Company Secretary is **0%**.
- (iii) The percentage increase in the median remuneration of employees in the financial year is **0%**. The increments as on April 2020 has been deferred for the year for all employees. This decision will be reviewed later in the year 2020.
- (iv) The number of permanent employees on the rolls of Company as on March 31, 2020: **219**.
- (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 - As detailed in clause (iii), the annual increments for all employees have been deferred for performance year 2019. This decision will be reviewed later in the year 2020
- (vi) It is hereby confirmed that the remuneration paid to Directors and KMPs is as per the Remuneration Policy approved by the Nomination & Remuneration Committee.

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

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

Payment of Remuneration / Commission to Directors from holding company

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

AUDITORS AND REPORTS

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

Appointment of Auditors

The shareholders of the Company at their Annual General Meeting held on July 16, 2019 have appointed M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) as Statutory Auditors of the Company for a period of 5 years from the conclusion of Tenth Annual General Meeting until conclusion of Fifteenth Annual General

Meeting. The Auditors have confirmed that they are not disqualified within the meaning of Sections 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 to continue as the Statutory Auditors of the Company.

Observations of Statutory Auditors on Accounts for the year ended March 31, 2020

The Statutory Auditors have given unmodified opinion on audit of standalone and consolidated financial statements of the Company for the year ended March 31, 2020 and Companies (Audit Report) Order, 2016. The Auditors qualification in the point (a) of the Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, has been appropriately dealt with in note no. 46 of the notes to the Standalone Audited Financial Statements

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, 2020

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 2019-20.

Secretarial Audit Report issued by M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2019-20 forms part to this report.

With regard to the observations made in the Secretarial Audit Report, the discrepancy in the date of resignation of Mr. Mrinal Chandran was due to inadvertent technical mistake while filing the details with Ministry of Corporate Affairs. The Company has duly discussed the investment in Kuwy Technology Service Private Limited at its Board Meeting held on May 29, 2019 and November 5, 2019 considering the larger forum suitable for strategic nature of the investment. The compliance with setting up of ipv6 platform would be ensured post completion of project for relocation of Company's data center from its current location in Singapore. The other delays in filings the regulatory information were procedural in nature.

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

COST RECORDS

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

OTHER DISCLOSURES

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

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act, Annual Report referred to in sub-section (3) of section 92 is available on the website of the Company at following link:

<https://www.vwfs.co.in/investor-information-New.html>

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

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

During the year under review, the Company has incurred foreign exchange Loss (Net) of Rs. 58.21 lacs. Refer note no. 25 of the notes to Financial Statements for details on use of foreign exchange.

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

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

The Company has not received any sexual harassment complaint during the year 2019-20.

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 3,000 Secured, Redeemable Non-Convertible Debentures of Rs. 10,00,000 each respectively on August 30, 2019, total amounting to Rs. 300 Crores. The Company has, during the year, redeemed 500 and 2,000 Secured, Redeemable Non-Convertible Debentures of Rs. 10,00,000 each respectively on June 12, 2019, and September 20, 2019. 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 (East),
Mumbai - 400 051
Contact No 022-2659 3612
Website: www.vistraitcl.com

COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards viz. SS-1 and SS-2 during the year 2019-20.

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

Sd/-
Ashish Deshpande
Managing Director & CEO
DIN: 08314277

Sd/-
Gokhan Cinar
Managing Director & CFO
DIN: 07649354

Date: September 02, 2020
Place: Mumbai

Registered Office

3rd Floor, Wing - A, Silver Utopia,
Cardinal Gracious Road, Chakala, Andheri (East), Mumbai- 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 26,362,284 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2020 as against 30,914,874 in April-March 2019 with a decline of (-)14.73%

Domestic Sales

- Passenger Vehicles sales was 27,75,679 units in April-March 2020, compared to 33,77,389 units in April-March 2019, down by (-)17.82%.
- Commercial Vehicles sales was 7,17,688 units in April-March 2020 compared to 10,07,311 units in April- March 2019, down by (-) 28.75%.

Automobile Domestic Sales Trends

Category	2015-16	2016-17	2017-18	2018 -19	2019 -20
Passenger Vehicle	27,89,208	30,47,582	32,88,581	33,77,389	27,75,679
Commercial Vehicle	6,85,704	7,14,082	8,56,916	10,07,311	7,17,688
Three Wheelers	5,38,208	5,11,879	6,35,698	7,01,005	6,36,569
Two Wheelers	1,64,55,851	1,75,89,738	2,02,00,117	2,11,79,847	1,74,17,616
Quadricycles	0	0	0	627	NA
Grand Total	2,04,68,971	2,18,63,281	2,49,81,312	2,62,66,179	2,15,47,552

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 be lower in 2020-21 as compared to 2019-20, primarily on the back of COVID-19 pandemic. The extension of the lockdown by the government will have a deep impact on the economic activity, India's GDP forecast for this financial year is expected

to show a contraction of 2 per cent. The estimate has been arrived at with the assumption that the lockdown will extend till mid-July and a restart of the economy will get stretched to August 2020.

It can be noted that the RBI also expects the economy to contract in FY21 (2020-2021), but has not given a level to it. Some analysts have pegged the contraction as high as 5 per cent. The central government has been reopening parts of the economy, while continuing with the lockdown in COVID-19-affected parts of the economy, which contribute over 60 per cent of the GDP.

Over the medium term, growth is expected to decline due to reduction in demand as an impact out of lockdown and then it is expected to re-bound for Volkswagen Brands from second half of 2021 on account of launch of new models under India 2.0 project.

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.

Prime Minister Mr. Narendra Modi announced a Rs 20 lakh crore stimulus package—close to 10% of the Indian GDP. The figure of Rs 20 lakh crore is also very similar to the entire tax receipts of the central government for FY21, if the year did not have Covid-19 related problems. Subsequently, India's finance minister provided details of the stimulus package over five days. The stimulus package is a mix of fiscal support, monetary support, ease of doing business processes, as well as some fundamental reforms. The reforms announced by the FM are far-reaching and cover a large gamut of activities, which most right-minded people have been asking for over three decades. There are other reforms such as land reforms that are happening at the level of states, which were not even mentioned. There is no doubt or debate about the need for these reforms. These reforms were needed and will take India into a different trajectory, as, without them, India is stifled.

Your directors expect that with a strong and stable government in center, the Company's inherent strong business model with upcoming models, 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 coming years

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 during the financial year apart from changes in Key Managerial Persons as stated in the Directors' Report and there were 219 (including Expatriates) Employees on the rolls of the Company as on March 31, 2020.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts)
Statement containing salient features of the financial statement of subsidiaries / associate

Part "A": Subsidiaries

NA

Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013
 related to Associate Companies and Joint Ventures**

Name of associate

Kuwy Technology Service Private
Limited

1 Latest audited Balance Sheet Date

31-03-20

2 Date on which the Associate was associated

10-Oct-2019

3 Shares of Associate held by the company on the year end

No.

357,227 Equity Shares and 99,625
Compulsory Convertible Preference
Shares

Amount of Investment in Associates. Rs. In lakhs

2240.48

Extend of Holding %

25.10%

4 Description of how there is significant influence

control of at least twenty per cent.
of
total voting power and participation
in business decisions

5 Reason why the associate is not consolidated

Not Applicable

6 Net worth attributable to shareholding as per latest audited Balance Sheet

0.00

7 Profit/Loss for the year

i Considered in Consolidation

(209.36)

ii Not Considered in Consolidation

(624.74)

Names of associates or joint ventures which are yet to commence
1 operations.

Nil

Names of associates or joint ventures which have been liquidated or
2 sold during the year.

NA

Ashish Deshpande
 Managing Director and CEO
 08314277

Gokhan Cinar
 Managing Director and CFO
 07649354

Harshada Pathak
 Company Secretary
 A19534

Date: September 02, 2020

Place: Mumbai

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 and the Companies Act, 2013

3. Purpose

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

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

4. Responsibility

RACI Matrix

Task/ Position	All Depts	Compliance	Legal	Controlling	Accounting	Both MDs	Board of Directors and Shareholders
Initiation of New transaction	R	I	I	I	I	A	NA
Identification of Related Party and nature of relationship with VWF	I	R	I	I	I	I	NA
Nature of transaction and contract duration	R	I	I	I	I	I	NA
Contract Value	R	I	I	I	I	I	NA
Method of pricing and commercial terms	R	I	I	A	A	I	NA
Justification of Arms Length Transaction and Ordinary course of business	R	I	I	I	A	I	NA
Quarterly reporting on the Related Party Transactions	I	R	I	I	R	I	A
Presentment and approval of all related party transactions to Board and Shareholders as per the Companies Act, 2013	NA	R	NA	NA	NA	NA	A
Change in Policy	NA	I	NA	NA	R	A	I

R- Responsibility, I- Information, A-Approval

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

'Related Party' with reference to a company means-

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

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

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

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

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

6. Related Party Transactions as per Companies Act, 2013

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

- (1) Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to -
- (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the company
- Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as maybe prescribed, shall be entered into except with the prior approval of the company by a resolution:
 - Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party
 - Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties
 - Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an *arm's length basis*.

- Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation-

In this sub-section-

- the expression “office or place of profit” means any office or place—
 - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

□ the expression “arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.
- (3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

(4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

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

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

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

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

Omnibus approval for related party transactions on annual basis:

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

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

- (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- (2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
- (a) repetitiveness of the transactions (in past or in future); (b) justification for the need of omnibus approval.
- (3) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- (4) The omnibus approval shall contain or indicate the following: -
- (a) name of the related parties;
 - (b) nature and duration of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (5) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- (6) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- (7) Audit Committee may put such other condition as it may deem fit while granting omnibus approval.
- (8) Prior approval of Audit Committee is required in case the transaction with related party (as defined under Companies Act, 2013) is not covered under omnibus approval or is exceeding the limits/conditions imposed while granting such omnibus approval.

9. Process for approval and determining 'Arm's Length'

- (1) Compliance department shall at the starting of every year or on account of any change during the year share the list of related party as per Companies Act, 2013 with the Accounts Department and Risk Department.
- (2) Accounts Department shall at the starting of every year or on account of any change during the year present a list of all the transactions as per Companies Act, 2013 proposed to be entered into by the Company with related parties on estimate basis. The Compliance department would in turn present the same to the Audit Committee who would deliberate and discuss on the nature of the above transactions and provide approval.
- (3) Any employee/ department intending to enter into a contract or arrangement shall present to Accounts Department. for prior approval along with the justification for entering into such contract(s) or arrangement(s). If the Accounts Department arrives at a conclusion that the transaction is not in the ordinary course of business and / or not at arm's length then the said employee/ department intending to enter into a contract or arrangement shall present to Compliance department disclosures in the following format BEFORE entering into the contract or arrangement:

- a) the name of the related party and nature of relationship
- b) the nature, duration of the contract and particulars of the contract or Arrangement
- c) the material terms of the contract or arrangement including the value, if any
- d) whether the transaction is in the ordinary course of business
- e) any advance paid or received for the contract or arrangement, if any
- f) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
- g) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors
- h) any other information relevant or important for the Board to take a decision on the proposed transaction

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

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

- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below –
 - (i) sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to ten per cent. or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to ten per cent. or more of the

turnover of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property of any kind amounting to ten per cent. or more of the net worth of the company or ten per cent. or more of turnover of the company as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services directly or through appointment of agents amounting to ten per cent. or more of the turnover of the company as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

Explanation-:

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

(b) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or

(c) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation-:

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

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

(4) This document would need to be duly authorised by the Head of Department who is initiating the transaction and approved by Accounts department. to confirm whether the party is a related party.

- (5) Accounts department shall provide on quarterly basis the list of related party transactions pursuant to the Companies Act, 2013 to the Compliance dept. to be placed before the Audit Committee/ Board of Director / Shareholders Meeting for its review with the comment that the contract or arrangement is/ is not in the ordinary course of business and/ or at / at not Arm's Length and/or exceeding the prescribed limits. Accounts department shall also provide for review at such interval as the Audit Committee may direct, update on transactions entered during the period pursuant to each of the omnibus approval granted by the audit committee
- (6) The employee/ department would need to document and justify as to how the pricing of the transaction is at 'Arm's Length'.

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

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

10. Disclosure Requirements

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

11. Amendment to the Policy

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

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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: https://www.vwfs.co.in/Compliance.html
The Composition of CSR Committee	Mr. Ashish Deshpande Ms. Rupa Vora Mr. Mrinal Chandran (Till July 29, 2019) Mr. Mr. Jambunathan Subramanian (From September 24, 2019 Onwards)
Average net profit of the company for the last three financial years	Rs. 597,037,013
Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Carry Forward (Surplus)from past Years = Rs. 7,126,850 Budget FY 2019-20 = Rs. 11,940,740 Total available CSR Budget = Rs. 19,067,590
Details of CSR spent during the financial year	
a)Total amount to be spent for the financial year;	Rs. 19,067,590
b)Amount unspent, if any;	Rs. 2,341,942
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 up to 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 (INR)	(2)Overheads		
1	Watershed Development & Sustainable agriculture practices	Community development	Local	Pasodi - Maharashtra	8,97,000	538,200		897,000	Through Implementing Agency - Watershed Organization Trust
2	Watershed Development & Sustainable agriculture practices	Community development	Local	Jharkhand	47,09,060	1,412,718		47,09,060	Through Implementing Agency - Watershed Organization Trust
3	Watershed Development & Sustainable agriculture practices	Community development	Local	Karauli - Rajasthan	15,000,000	8,282,900		10,682,900	Through Implementing Agency - Watershed Organization Trust
4	Construction of School Toilets	Community Development	Local	Dahanu - Maharashtra	28,00,000	980,000		28,00,000	Through Implementing Agency – Habitat for Humanity
5	Construction of School Toilets	Community Development	Local	Taldi, West Bengal	1,526,675	1,526,675		1,526,675	Through Implementing Agency – Habitat for Humanity
6	Construction of School Toilets	Community Development	Local	Ghaziabad, Uttar Pradesh (NCR)	3,102,774	3,102,774		3,102,774	Through Implementing Agency – Habitat for Humanity

In addition, Rs. 882,381 has been spent towards overheads (Employee Engagement and Audit Fees)

***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. 11,940,740/- on CSR activities for the financial year 2019-20 and the unspent CSR amount of Rs. 7,126,850/- from previous year aggregating to Rs. 19,067,590.</p> <p>During the year, the Company has spent Rs. 16,725,648/- on CSR activities. The balance of Rs. 2,341,942, which was unspent as of 31 March 2020 has been subsequently spent detailed as under: Rs. 935,937 – paid to PM Cares on 15 April 2020 Rs. 1,406,005 – Paid to Watershed Organization Trust for the Jharkhand Project on 03 June 2020.</p> <p>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.</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>

<p style="text-align: center;">Sd/- Gokhan Cinar (Managing Director & Chief Financial Officer)</p>	<p style="text-align: center;">Sd/- Ashish Deshpande (Managing Director & Chief Executive Officer and Chairman of CSR Committee)</p>
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Annexure 'E'

The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20

Sr No	Name of Director	Designation	Remuneration	Median Remuneration of Employees of the company	Ratio of Directors Remuneration to Median
1	Gokhan Cinar	Managing Director & CFO	₹ 31,590,626	₹ 1,037,000	30.46
2	Ashish Deshpande	Managing Director & CEO	₹ 10,450,000	₹ 1,037,000	10.08

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, 2020 (GAC)	Nature of Employment, whether contractual or otherwise	Qualifications and experience	Date of commencement of employment	Age (Years)	Last employment before joining the company	% of Equity Shares held, incase more than 2%	Name of Director or manager who is relative
1	Gokhan Cinar	Managing Director & CFO	₹ 31,590,626	Contractual	Post Graduate in International Finance, 19 years	01-Dec-16	43	Volkswagen Doğuř Finansman A.ř., Turkey	NA	NA
2	Alexander Bargstaedt	Head of Business Transformation	₹ 20,187,482	Contractual	Masters of Art 18 Years	01-Oct-15	39	VWFS AG, Germany	NA	NA
3	Ashish Deshpande	Chief Executive Officer & Managing Director	₹ 10,450,000	Permanent	MBA 22 years	01-Feb-15	45	Skoda Auto India Pvt Ltd	NA	NA
4	Kamesh Chaudhary	Head Sales & Distribution	₹ 6,800,000	Permanent	MBA 24 Years	09-Sep-19	46	Capital Edge Advisory Services LLP	NA	NA
5	Dinesh Kulkarni	Head Controlling & Treasury	₹ 6,500,000	Permanent	CA 25 Years	27-Aug-18	51	Daimler Financial Services	NA	NA
6	Sangeeta Panchdhari	Head Accounts	₹ 6,500,000	Permanent	CA, CISA 27 Years	27-May-19	51	ICICI Securities	NA	NA
7	Rahul Prasad	Head Human Resources, Administration & Procurement	₹ 6,030,000	Permanent	MBA 14 years	01-Jun-15	38	PPG Asian Paints	NA	NA
8	Vikas Jagdish Jajoo	Head - Internal Audit	₹ 5,876,000	Permanent	CA 25 Years	05-Dec-17	50	Hinduja Leyland Finance Limited	NA	NA
9	Ripudaman Singh	Head – Operations, Collections & Legal	₹ 5,732,000	Permanent	MBA 22 Years	06-Jul-18	43	MaintainMart Services Pvt Ltd.	NA	NA
10	Soumya Sinha	Head Customer and Business Support	₹ 5,680,000	Permanent	CA 21 Years	04-Feb-11	46	ICICI Bank Ltd	NA	NA

Sd/-
Ashish Deshpande
Managing Director and CEO
08314277

Date: September 02, 2020
Place: Mumbai

Sd/-
Gokhan Cinar
Managing Director and CFO
07649354



AASHISH K. BHATT & ASSOCIATES

Practicing Company Secretaries

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

Form no. MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

*[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
3rd Floor, Wing-A, Silver Utopia,
Cardinal Gracious Road, Chakala,
Andheri, Mumbai - 400099.

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 our verification of the Company's books, papers, minute 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 audit period covering the financial year ended March 31, 2020, 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 March 31, 2020, 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 – Not Applicable;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment except for delay in filing FDI return for the half year ended 30th September, 2019. No overseas Direct Investment and External Commercial Borrowings were pursued;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – Not Applicable;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with delay in submission of code of practices and procedures for fair disclosure of unpublished price sensitive information;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not Applicable;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not Applicable;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – Not Applicable;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable;



- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable;

Further, on account of pandemic “COVID 2019” and nationwide lockdown imposed by governments, the audit process has been modified, wherein certain documents /records etc were verified in electronic mode, and have relied on the representations received from the Head of Department of the Company for its accuracy and authenticity.

I have also examined compliances with applicable clauses of:

- i. Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committee Meetings (i.e Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee);
- ii. 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). *There was delay in intimation of investments in Kuwy to BSE Limited.*

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except for the followings:*

1. *Discrepancy in intimation of resignation date of Mr. Mrinal Chandran to Registrar of Companies under Section 168 of the Companies Act, 2013*
2. *CSR expenditure for the FY 19-20 amounting to Rs 23,41,942/- has been spent on 3rd June, 2020*
3. *Scrutiny of investments was not placed before the Audit Committee during the FY 2019-20 as required under Section 177(4)(v) of the Act.*

Based on the compliance mechanism established by the Company, which has been verified on one test checked basis and the Compliance Report submitted to and taken on record by the Board of Directors and the explanations furnished by the head of departments of the Company, I am of the opinion that 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*:
 - a. *Reserve Bank of India Directions on Monitoring of Frauds for NBFCs on compliance pertaining to delay in intimations of Fraud detected to RBI and its placement before the Audit Committee.*
 - b. *Reserve Bank of India Directions on Information Technology Framework for NBFCs on compliance pertaining to setting up with IPv6 platform*
- vi. Prevention of Money Laundering Act, 2002 with respect to regulatory compliance;
- vii. Insurance Regulatory Development Authority of India (Registration of Corporate Agents) Regulations, 2015
- viii. Guidelines on Motor Insurance Service Provider issued on August 31, 2017 with delay in setting up IBB portal and daily activities monitoring of each MISPs.

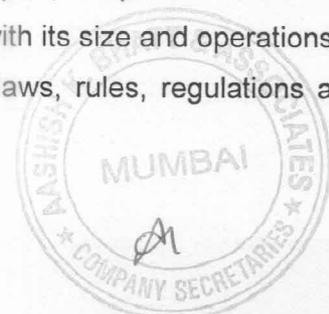
I further report that:

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 period 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views were expressed.

Based on the representation made by the Company and relied upon, I report that there are adequate systems and processes in the Company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



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

- (i) Approval of Board for revision in limit of remuneration paid to Managing Directors & Chief Executive Officer (CEO) ;
- (ii) Approval for investments in Kuwy Technologies Services Private Limited
- (iii) Resignation of Mr. Mrinal Chandran as Independent Director of the Company;
- (iv) Re-appointment of Mr. Gokhan Cinar as Managing Director and Chief Financial officer;
- (v) Re-appointment of Ms. Rupa Vora as the Independent Director of the Company;
- (vi) Appointment of Mr. Jambunathan Subramanian as an Independent Director;
- (vii) Reconstitution of various Board committees;
- (viii) Approval from Board for issuance of Non-convertible debentures (NCD's);
- (ix) Approval from Board for listing of Commercial papers.
- (x) Appointment of S R Batliboi & Co., as Statutory Auditors of the Company.

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



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

Aashish Bhatt
Proprietor

Place: Mumbai

Date: 30/7/20

ACS No.: 19639, COP No.: 7023

UDIN: A019639B000628544

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

To,

The Members,

Volkswagen Finance Private Limited.

3rd Floor, Wing-A, Silver Utopia Cardinal Gracious Road, Chakala, Andheri, Mumbai - 400099.

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)


Aashish Bhatt

Proprietor

ACS No.: 19639, COP No.: 7023

UDIN: A019639B000628544

Place: Mumbai

Date: 30/7/20

