TOYOTA
FINANCIAL SERVICES

August 26, 2022

The Manager,
National Stock Exchange of India Limited ('NSE'),
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

Dear Sir/Ma'am,

Sub: Submission of Annual Report under Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Company for Financial Year 2021-22.

You are requested to kindly take the above on record.

Thanking you,

Yours Sincerely,

For Toyota Financial Services India Limited

Nithya Prabhu R
Company Secretary

Enclosed: As above

TOYOTA FINANCIAL SERVICES INDIA LIMITED
Registered Office: No. 21, Centropolis, First Floor, 5th Cross, Langford Road, Shanti Nagar, Bangalore – 560 025
P: +91 80 4344 2800 | F: +91 80 4344 2930 | cs@tfsin.co.in | www.toyotafinance.co.in | CIN: U74900KA2011FLC058752

ELEVENTH ANNUAL REPORT
2021-22

CORPORATE INFORMATION:

CIN: U74900KA2011FLC058752

REGISTERED OFFICE ADDRESS:

Toyota Financial Services India Limited,
No. 21, 1st Floor, 5th Cross, Centropolis,
Langford Road, Shanthi Nagar,
Bangalore - 560025

STATUTORY AUDITORS:

MSKA & Associates
(ICAI firm registration number - 105047W)
SV Tower, No. 27, Floor 4,
80 Feet Road, 6th Block,
Bengaluru - 560095 Karnataka

SECRETARIAL AUDITORS:
V Sreedharan and Associates
Practicing Company Secretaries,
No. 291, 1st Floor, 10th Main Road, 3rd Block,
Jayanagar, Bengaluru – 560 011

INTERNAL AUDITORS:

Mr. A P Alagarsamy
Internal Auditor (In house)

DEBENTURE TRUSTEE:
Vistra ITCL (India) Ltd.
IL & FS Financial Centre,
Plot No C – 22, G Block Bandra
Kurla Complex,
Bandra (East) Mumbai – 400 051

CHIEF FINANCIAL OFFICER

Mr. Anupam Vasdani

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mr. Nithya Prabhu R

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BOARD'S REPORT

Dear Members,
Your Directors are pleased to present the performance and affairs of your Company for the financial year ended March 31, 2022.

Report on the Performance and Financial Position:
The summary of financial results of your Company for the financial year ended March 31, 2022, is hereunder:

(Amount in INR Millions)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total Income	6,782.30	6,900.62
Total Expenditure (excluding depreciation)	5,418.65	6,060.42
Profit / (Loss) Before Depreciation & Tax	1,363.65	840.20
Less: Depreciation	232.14	109.04
Profit / (Loss) before tax	1,131.51	731.16
Less: Tax Expense	290.50	209.68
Profit / (Loss) after tax	841.01	521.48
Other comprehensive (Loss)/income (net of tax)	(3.26)	1.69
Total comprehensive income after tax	837.75	523.17
Appropriations from profit after tax	-	-
Transfer to Special Reserve under section 45-IC of RBI Act, 1934	168.20	104.30
Balance carried forward to Balance Sheet	669.55	418.87

Summary of financial and operational performance of your Company is reported in detail in the Management Discussion and Analysis Report appended hereto as **Annexure-1**.

Share Capital:
During the reporting period, there was no change in Authorized share capital and Paid-up share capital of your Company. The present Authorized share capital and Paid-up capital is Rs. 9,579,729,570 (Rupees Nine Billion Five Hundred Seventy-Nine Million Seven Hundred Twenty-Nine Thousand Five Hundred Seventy Only).

Amount carried to Reserves:
Statutory reserve represents the reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934. Under Section 45-IC, the Company is required to transfer sum not less than twenty percent of its net profits every year. The statutory reserve can be utilized for the purposes as specified by the Reserve Bank of India from time to time.

For FY 2021-22 Rs. 168.20 million has been transferred from surplus of profits towards Statutory Reserve fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

Dividends:
Your Board of Directors do not recommend any dividend this year in pursuit of expanding the business.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund:
As there is no unpaid/unclaimed dividend, the Company was not required to transfer any amount to Investor Education and Protection Fund.

Material changes affecting the financial position:
There have been no material changes and commitments affecting the financial position of your Company which have occurred during the financial year ended March 31, 2022, and as on the date of this report.

Change in nature of the Business (if any):
Your Company has continued the business of vehicle financing and leasing during the reporting period and hence there was no change in the nature of the business carried out.

Change in Directors and Key Managerial Personnel:
During the year under review, the following changes took place in directors and key managerial personnel (KMP):

- Mr. Ashok Rao Baswa, resigned as Independent Director effective August 13, 2021.
- Ms. Asha Sampath, retired as Independent Director effective September 28, 2021.
- Ms. Sunita Handa was appointed as an Additional Director (category – Independent) effective September 10, 2021, and her appointment as an Independent Director was confirmed at the 10th Annual General Meeting (AGM) held on September 28, 2021, for tenure of 1(one) year till September 9, 2022.
- There was no change in the KMPs of the Company during FY 21-22.

Below is the list of Directors and Key Managerial Personnel as on March 31, 2022:

Name of the Directors / KMP	Designation	DIN	Director / KMP since	No. of other Directorships*	No. of shares held
Mr. Narayanaswamy Raja	Managing Director & CEO	06840450	13.02.19	NIL	1
Mr. Manabu Ueno	Whole time Director	08635145	01.01.20	NIL	1
Mr. Hao Quoc Tien	Non-executive Director	08346688	13.02.19	NIL	1
Mr. Masakazu Yoshimura	Non-executive Director	08327922	13.02.19	1. Toyota Kirloskar Motor Private Limited 2. Toyota Kirloskar Auto Parts Private Limited 3. Toyota Techno Park India Private Limited	1
Ms. Sunita Handa	Independent Director	08215176	10.09.21	NIL	NIL
Mr. Anupam Vasdani	Chief Financial Officer	NA	23.02.21	NIL	NIL
Mr. Nithya Prabhu R	Company Secretary	NA	27.02.20	NIL	NIL

******The Directorships, held by the Directors/KMPs as mentioned above, do not include Directorship(s) in foreign companies and Section 8 companies under the Companies Act, 2013.*

The Board places on record its appreciation for the valuable service and guidance provided by Mr. Ashok Rao Baswa and Ms. Asha Sampath during their tenure.

Mr. Manabu Ueno, retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking Shareholders' approval for his re-appointment will form part of the AGM Notice.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 ("the Act"), the Key Managerial Personnel of the Company as on March 31, 2022 are: Mr. Narayanaswamy Raja, Managing Director & Chief Executive Officer, Mr. Anupam Vasdani, Chief Financial Officer and Mr. R Nithya Prabhu, Company Secretary.

Composition of the Board and Committees of the Board:
Details of the composition of the Board and its Committees as on March 31, 2022, are as under:

Directors	BOD	Audit Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	IT Strategy Committee*
Mr. Narayanaswamy Raja (MD & CEO)	M	×	×	M (Chairperson)	M
Mr. Manabu Ueno (Whole time Director)	M	M	×	M	M
Mr. Masakazu Yoshimura (Non-executive Director)	M	x	M (Chairperson)	×	×
Mr. Hao Quoc Tien (Non-executive Director)	M	M	M	×	×
Ms. Sunita Handa (Independent Director)	M	M (Chairperson)	M	M	M (Chairperson)

*In addition to the Board members, the Committee has the Chief Information Officer and Chief Financial Officer as its members.

Details of the five Board meetings held during the Financial Year:

Name of the Directors	Board meeting dates					No of Meetings	Attended during the year	% of Attendance	AGM September 28, 2021
	19.05.21	27.05.21	02.09.21	11.11.21	10.02.22				
Mr. Narayanaswamy Raja	Y	Y	Y	Y	Y	5	5	100 %	Y
Ms. Asha Sampath	Y	Y	Y	NA	NA	3	3	100 %	Y
Mr. Ashok Rao Baswa	Y	Y	NA	NA	NA	2	2	100 %	NA
Mr. Hao Quoc Tien	N	Y	Y	N	Y	5	3	60 %	Y
Mr. Manabu Ueno	Y	Y	Y	Y	Y	5	5	100 %	Y
Mr. Masakazu Yoshimura	N	N	Y	Y	Y	5	3	60 %	N
Ms. Sunita Handa	NA	NA	NA	Y	Y	2	2	100 %	Y

Y - Attended; N - Leave of Absence / Not Attended; NA - Not Applicable

Audit Committee (AC):

Terms of Reference:
The terms of reference of the Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and includes oversight of your Company's financial reporting process, recommending to the Board, the appointment, re-appointment of Statutory Auditor, Internal Auditors and the fixation of audit fees, review and monitor the Statutory Auditor's independence and performance and effectiveness of audit process, review and approval of Related Party Transactions (RPTs), Scrutiny of inter-corporate loans and investments, evaluation of internal financial controls etc., and carrying out any other function as may be assigned to the Committee by the Board from time to time.

Details of composition of the Committee and its four meetings held during the Financial Year:

Name of the Directors	Capacity	Audit Committee dates				No of Meetings	Attended during the year	% of Attendance
		27.05.21	02.09.21	11.11.21	10.02.22			
Ms. Asha Sampath	Chairperson*	Y	Y	NA	NA	2	2	100 %
Ms. Sunita Hand	Chairperson#	NA	NA	Y	Y	2	2	100 %
Mr. Ashok Rao Baswa	Member$	Y	NA	NA	NA	1	1	100 %
Mr. Hao Quoc Tien	Member^	NA	Y	N	Y	3	2	66.67 %
Mr. Manabu Ueno	Member	Y	Y	Y	Y	4	4	100 %

Y - Attended; N - Leave of Absence / Not Attended; NA - Not Applicable
* Retired effective 28.09.21.
# Chairperson effective 06.11.21.
$ Resigned effective 13.08.21.
^ Member effective 27.08.21.

Nomination and Remuneration Committee (NRC):

Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and includes identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors, reviewing Compensation of the Managing Directors, Whole Time Directors and Non-Executive Directors etc., and shall also carry out such other duties as may be delegated to it by the Board of Directors from time to time.

Details of composition of the NRC and its three meetings held during the Financial Year:

Name of the Directors	Capacity	Nomination and Remuneration Committee meeting dates			No of Meeting	Attended during the year	% of Attendance
		27.05.21	02.09.21	10.02.22			
Mr. Masakazu Yoshimura	Chairperson	N	Y	Y	3	2	66.67%
Mr. Ashok Rao Baswa	Member*	Y	NA	NA	1	1	100 %
Ms. Sunita Handa	Member^	NA	NA	Y	1	1	100 %
Ms. Asha Sampath	Member#	Y	Y	NA	2	2	100 %
Mr. Hao Quoc Tien	Member	NA	Y	Y	2	2	100 %

Y - Attended; N - Leave of Absence / Not Attended; NA - Not Applicable
* Resigned effective 13.08.21.
# Retired effective 28.09.21.
^ Member effective 06.11.21.

Information Technology and Strategy Committee (ITSC):

Terms of Reference:

The terms of reference of the Committee includes approving IT strategy and policy documents, have effective strategic planning process in place, review the IT strategies, ensuring IT investments represent a balance of risks and benefits, Policy reviews, cyber security arrangements and any other matter related to IT Governance, institute effective governance mechanism and risk management process for all IT outsourced operations etc.

Details of composition of the ITSC and its four meetings held during the Financial Year:

Name of the Members	Capacity	Information Technology and Strategy Committee meeting dates				No of Meetings	Attended during the year	% of Attendance
		27.05.21	02.09.21	11.11.21	10.02.22			
Mr. Ashok Rao Baswa	Chairperson*	Y	NA	NA	NA	1	1	100 %
Ms. Asha Sampath	Chairperson#	NA	Y	NA	NA	1	1	100 %
Ms. Sunita Handa	Chairperson^	NA	NA	Y	Y	2	2	100 %
Mr. Anupam Vasdani	Member	Y	Y	Y	Y	4	4	100 %
Mr. Ashwini S Yadav	Member$	Y	Y	NA	NA	2	2	100 %
Mr. Harish Sharma	Member	Y	Y	Y	Y	4	4	100 %
Mr. Manabu Ueno	Member	Y	Y	Y	Y	4	4	100 %
Mr. Narayanaswamy Raja	Member	Y	Y	Y	Y	4	4	100 %

Y - Attended; N - Leave of Absence / Not Attended; NA - Not Applicable
* Resigned effective 13.08.21.
# Chairperson effective 27.08.21 and retired effective 28.09.21.
^ Chairperson effective 06.11.21.
$ Resigned effective 08.10.21.

<u>Corporate Social Responsibility (CSR) Committee:</u>

<u>Terms of Reference:</u>

The terms of reference of the Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and includes formulation and recommendation to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of the CSR activities.

Details of composition of the CSR Committee and its three meetings held during the Financial Year:

Name of the Directors	Capacity	Corporate Social Responsibility Committee meeting dates			No of Meetings	Attended during the year	% of Attendance
		27.05.21	11.11.21	10.02.22			
Mr. Narayanaswamy Raja	Chairperson	Y	Y	Y	3	3	100 %
Ms. Asha Sampath	Member#	Y	NA	NA	1	1	100 %
Mr. Manabu Ueno	Member	Y	Y	Y	3	3	100 %
Ms. Sunita Handa	Member*	NA	Y	Y	2	2	100 %

Y - Attended; N - Leave of Absence / Not Attended; NA - Not Applicable
Retired effective 28.09.21.
^ Member effective 06.11.21.

All the Board and Committee Meetings were duly convened and held and the minutes of the same have been properly recorded.

<u>General Body Meetings:</u>
Details of General Body meetings held during the financial year are as under:

S no.	Type of Meeting	Date and Place	Special resolutions passed
1	Annual General Meeting	28.09.2021 - Deemed to be held at registered office of the Company.	1. Issue of Non - Convertible Debentures. 2. Appointment of Ms. Sunita Handa (DIN: 08215176) as an Independent Director of the Company.
2	Extra-ordinary General Meeting	25.11.2021 - Deemed to be held at registered office of the Company.	1. Approval for External Commercial Borrowing ("ECB") - Related Party Transaction.

Directors' Responsibility Statement as per Section 134(3)(C):

In compliance with Section 134(3)(c) of the Companies Act, 2013, your Directors confirm, and state as follows:

a. that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
b. that your Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review.
c. that your Directors have taken proper and sufficient care 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 your directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such a system was adequate and operating effectively.

Details of Appointment of Women Director:

As per Section 149(1) of the Companies Act, 2013 your Company has appointed Ms. Sunita Handa as independent women director on the Board.

Details of appointment of Independent Director and Declaration given by Independent Director:

Ms. Sunita Handa was appointed as an Independent Director effective from September 10, 2021, for a tenure of one year. In the opinion of the Board, Ms. Sunita Handa is a person of integrity having requisite expertise and experience. Further she has also completed the online proficiency test for Independent Directors as required under the Companies Act, 2013. Moreover, she also fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management.

Independent Director(s) has/have given the declaration under sub-section 3(d) of Section 134 read with Section 149(6) of the Companies Act, 2013 and regulation 25(8) read with regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (SEBI LODR Regulations). The declarations were placed before the Board and the same were taken on records. There has been no change in the circumstances affecting their status as independent directors of the Company with regard to integrity, expertise and experience (including proficiency).

Meeting of the Independent Directors:

Since your Company has only one independent director on the Board, it was not practicable to hold the Independent Director's meeting during FY 21-22.

Familiarization Program:

The details of familiarization programmes imparted to the Independent Director are available on the website of the Company at https://www.toyotafinance.co.in/downloads/details-of-familiarization-programme.pdf.

Company's Policy on Director's Appointment and Remuneration:

In compliance with the provision of Section 178(3), the Company has a policy on Director's appointment, re-appointment and evaluation that provides the criteria to be followed for appointment of Director. The policy also provides for performance evaluation of every Director and of the Board as a whole. Some of the major criteria for appointment / continuing to hold appointment as a director on the Board under this policy are:

- Director must be 'Fit and Proper' for appointment as a Director on the Board of Toyota Financial Services India Limited.
- In order to conduct such due diligence to ascertain if the Director is 'Fit and Proper', the incumbent Directors must provide a declaration in the format specified by the Reserve Bank of India ('RBI') initially at the time of appointment and thereafter annually and also whenever there is a change in the information already provided by them in the previous declaration.
- The Nomination and Remuneration Committee may demand for any more information as it may deem necessary to conduct the due-diligence.
- Director must have relevant qualification and/ or expertise and/ or track record in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to Company's business.
- Director should possess highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- The appointed Directors must enter into a deed of covenant with the Company as per the format provided by RBI from time to time.

Your Company's policy provides additional criteria for appointment of Independent Directors to ensure an Independent Director should meet all criteria of independence specified in Section 149(7) of the Companies Act, 2013 and rules made thereunder.

Details of Remuneration of the Directors and KMPs:

(Amount in Rs. Million)

S No	Particulars of Remuneration for the FY 2021-22	Name of MD/ WTD/ Manager	
		Mr. Narayanaswamy Raja	**Mr. Manabu Ueno**
		Managing Director & CEO	**Whole-time Director**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	17.43	25.56
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…		
5	Others, please specify	-	-
	Total	**17.43**	**25.56**

(Amount in Rs. Million)

S No	Particulars of Remuneration for the FY 2021-22	Independent Directors		
		Ms. Asha Sampath*	Mr. Ashok Rao Baswa**	Ms. Sunita Handa***
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify…	0	0	0
5	Others, please specify (in Million) **Sitting fee #**	0.30	0.30	0.20
	Total	**0.30**	**0.30**	**0.20**

* Retired as Independent Director effective from September 28, 2021.
** Resigned as Independent Director effective August 13, 2021.
*** Appointed as Independent Director effective from September 10, 2021.
# Sitting fee of Rs. 1,00,000/- is paid on a consolidated basis to the Independent Director for attending all the Board & Committee Meetings held on a particular day.

During the year under review, the non-executive directors of your Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

(Amount in Rs. Million)

S No	Particulars of Remuneration for the FY 2021-22	Key Managerial Persons	
		Mr. Anupam Vasdani Chief Financial Officer (CFO)	Mr. Nithya Prabhu. R Company Secretary (CS)
1	Gross salary (per annum) (in Million) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	9.97	2.29
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…	-	-
5	Others, please specify	-	-
	Total	**9.97**	**2.29**

Code of Conduct:

Your Company has framed and adopted a Code of Conduct for Board of Directors and Senior Management, which is approved by the Board. The Code is applicable to all Directors and Senior Management personnel of the Company. This Code has been posted on the Company's website at https://www.toyotafinance.co.in/downloads/code-of-conduct-for-directors-and-sr-management.pdf.

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board and have also affirmed that they have not entered into any material, financial and commercial transactions having potential conflict of interest with the Company. A declaration to this effect signed by the Managing Director and CEO forms part of the Report as **Annexure-2**.

CEO and CFO Certification:

As required by the SEBI LODR Regulations, the CEO and CFO certification is annexed to the report as **Annexure-3**.

Subsidiary Companies:

Your Company does not have any Subsidiary companies, Joint Ventures or Associate Companies.

Deposits:

Your Company being a Non-Deposit Accepting Non-Banking Financial Company (NBFC – ND-SI), the provisions of Chapter V of the Companies Act, 2013 on disclosure of deposits taken are not applicable.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the Act) read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such, the particulars of loans and guarantee have not been disclosed in this Report.

Related Party Transactions:

The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Act are provided in the Form AOC-2 under **Annexure-4** which forms part of this Report.

The Company continues to place all Related Party Transactions before the Audit Committee for approval as per the Policy on related party transaction approved by your Board of Directors. Details of all related party transactions are provided along with the financials of the reporting year. Also, the policy adopted on Related Party Transactions has been placed on the website of the Company and the same may be accessed at https://www.toyotafinance.co.in/downloads/policy-related-party-transactions.pdf.

The Company has entered into a material related party transaction in ordinary course of business with Toyota Motor Finance (Netherlands) B.V. (TMFNL) for availing loan of USD 100 Million (in any currency equivalent to USD 100 Million) and the same has been approved by the members of the Company at Extra-ordinary General Meeting held on Thursday, November 25, 2021.

There is no transaction or pecuniary relationship with the non-executive Directors apart from that is stated in this Report.

Annual Return:

Pursuant to Section 92(3) and Section 134(3)(a), the copy of the annual return as on March 31, 2022 is placed on the website of the Company at www.toyotafinance.co.in**.**

Particulars regarding Conservation of Energy, Technology Absorption

A) Conservation of energy and Technology absorption:
Since the Company is not in an energy intensive industry and doesn't own a facility, the particulars as prescribed under Rules 8 (3) of the Companies (Accounts) Rules, 2014 are not set out in the report. Nevertheless, the Company continues to take adequate steps to conserve energy.

The Company continues to evaluate new technologies and techniques to make the infrastructure more energy efficient.

B) Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings (INR in Millions)	Foreign Exchange Outgo (Expenditure in foreign currency) (INR in Millions)
NIL	187.22

Details of Risk Management Policy as per Section 134 (3) (n):
Risk Management is an integral part of your Company's business strategy. Risk Management is detailed in the Management Discussion and Analysis Report forming part of this Report.

Corporate Social Responsibility:
Your Company continues to have in place duly constituted Corporate Social Responsibly ('CSR') Committee as per the provisions of Section 135(1) of the Companies Act, 2013. The members of CSR Committee at present are Mr. Narayanaswamy Raja, Mr. Manabu Ueno and Ms. Sunita Handa. The Company has framed a CSR Policy in compliance with the guidelines of Companies Act, 2013.

An amount of Rs. 74,92,910 was budgeted towards CSR activities in terms of the legal requirement. The Company has spent Rs. 74,92,910/- against the activities reported here in **Annexure-5**.

Performance Evaluation of the Board and its Committees:
In accordance with the policy for Directors Appointment, Re-Appointment and Evaluation adopted, the Board and Committees were evaluated during the reporting year as below:

Evaluation of Performance by Board of Directors	Evaluation by Nomination and Remuneration Committee	Evaluation by Independent Directors
Board as a whole	Individual directors	Non-independent directors
Committees of Board of directors	-	Board as a whole
Individual directors	-	Executive Directors
Independent directors	-	-

- Independent directors' were evaluated based on criteria like participation in Board/ Committee meetings, managing relationships, knowledge and skill and personal attribution.
- Managing Director was evaluated based on the criteria like leadership, strategy formulation, strategy execution, financial planning/ performance, relationship with Board, human resource management / relations, external relationship, product knowledge and personal quality.
- Other Non-Independent Directors were evaluated based on the criteria like knowledgeability, diligence, participation and leadership.

Performance evaluation report of all the Directors were taken on record by Board of Directors and Nomination and Remuneration Committee at their respective meetings held on February 10, 2022.

Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals: (If Any)
There are no significant material orders passed by the Regulators / Courts that impact the going concern status of your Company and its future operations.

Disclosure under the Sexual Harassment of the Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013:
Your Company has in place Policy on Prevention of Workplace Harassment ('Policy') in line with the requirements of the Sexual Harassment of the Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. No cases of sexual harassment have been reported to nor investigated by the Internal Complaints Committee during the year under review.

Details of Vigil Mechanism:
Your Company has framed and implemented a Whistle Blower Policy and Anti Bribery Policy. Your Company continues to conduct regular workshops and training sessions to inform and educate the employees about these policies. During the year 2021-22 no incident was reported under these Policies. The e-vidya learning platform was used for both Whistle Blower Policy and Anti Bribery Policy for reference of employees at any point of time.

Statutory Auditors:
During the year, M/s B S R & Associates LLP, ICAI Firm Registration Number: 116231W/W-100024 has resigned as Statutory Auditors of the Company with effect from conclusion of the AGM on September 28, 2021, since they were the Auditors of the Company for three consecutive years, which is the maximum permissible tenure for Statutory Auditors for an NBFC as per RBI circular dated April 27, 2021. M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W), were appointed as Statutory Auditors of the Company for a period of 3 (Three) years at the 10th Annual General Meeting of the Company held on September 28, 2021.

Audit Observation:
The Statutory Auditors' Report is self-explanatory and has no qualification or adverse remarks.

Appointment of Secretarial Auditor and their Report:
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s V Sreedharan and Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit.

The Secretarial auditors have conducted the secretarial audit for the financial year 2021-22 and have provided their report in Form MR- 3, which is annexed to the report as **Annexure-6**. There are no adverse remarks in the Secretarial Audit Report.

Cost Records:
The provision of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to your Company.

RBI Guidelines:
Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC (NBFC-ND-SI) under Section 45-IA of RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that your Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

Credit rating:

Your Company's credit rating continues to remain at AAA (Stable) for long term and A1+ for short term as rated by both CRISIL Limited and ICRA Limited.

General Disclosures:

Your Directors state that no transaction of below mentioned items took place during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of sweat equity shares.
- Disclosures required under Section 67 of the Companies Act, 2013.

SEBI LODR Regulations:

Your Company has taken note of the amended SEBI LODR Regulations and is in the process of carrying out necessary steps to ensure compliance with the new regulations within applicable timelines.

Investors Compliant:

Mr. R Nithya Prabhu, Company Secretary of the Company is the Compliance Officer of your Company for the purpose of the SEBI Regulations.

There were no investor complaints lodged during the period under review.

Secretarial Standards:

Your Company has complied with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

Reporting of fraud by Auditors of the Company under section 143(12) of the Companies Act, 2013:

No frauds have been reported by the Auditors of your Company to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

Penalties / Punishment/ Compounding of Offences

There were no penalties, punishment or compounding of offences during the year ended March 31, 2022.

Acknowledgement:

Your Directors place on record their sincere thanks to the Reserve Bank of India, Central and State Governments, bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company during the year. Your Directors also acknowledges gratefully the shareholders and other stakeholders for the support and confidence reposed on the Company.

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Date: May 23, 2022
Place: California, USA

For **Toyota Financial Services India Limited**

Sd/-

Manabu Ueno
Whole Time Director
DIN: 08635145

Date: May 23, 2022
Place: Bangalore, India

ANNEXURE-1

MANAGEMENT DISCUSSION AND ANALYSIS

State of Company & Results of Operation:

Your Company is a Systemically Important, Non-Deposit taking Non-Banking Financial Company (classified as Investment and Credit Company) regulated by the Reserve Bank of India. Your Company is engaged in the business of providing finance for the purchase of cars to retail and corporate customers as well as providing Inventory finance & term loans to Toyota Dealers. Your Company is also engaged in leasing business for vehicles.

In order to provide convenience of repayment to the customers, your Company offers a wide range of auto loan products such as Smart Finance (Small monthly payment followed by large installment at the end of loan), Flexi Finance (Small monthly payment followed by large annual installment), Easy Finance (Monthly payments grow annually), Toyota Edge (Financing the entire ownership cost of car) etc., along with Classic finance (Traditional loan with regular monthly payments). Your Company also supports dealers to sell more value-added products such as Toyota Genuine Accessories, First Year Insurance, Extended Warranty, and Multi-Year Insurance by bundling loan on these products along with car loan and offering customer convenience of purchase.

Your Company's strong fundamentals driven by strong credit processes, product variants and new segments like used car financing, provides a strong platform for growth.

Your Company's financial products are offered by well-trained employees present at Toyota dealership, who assist customers to complete entire loan process faster and easier. There has been a continuous endeavor to offer services in new markets and target new customer segments. Your company has increased its sales footprint by adding 46 locations in FY'22. Launched new finance programs to target customers in rural segments and semi-urban markets. Your Company continues to invest in digitization initiatives and process automation to reduce the TAT in credit appraisal process. Your Company believes that a faster and easier process is a key factor for quality of customer service, which enables the Company to acquire and retain more customers successfully. Your Company has undertaken projects towards digitization of loan sourcing, loan processing and customer service processes to build a robust customer-centric organization.

Your Company is steadily expanding its leasing solution services under the brand name Kinto. Uder Kinto, your Company provides diversified offerings viz. Kinto One (For individual customer) and Kinto Value (Used Car Lease). In March 2022, Kinto India has launched its exclusive website for individual customers where customers can choose their favorite Toyota car and get the approval seamlessly through digital journey. Your Company continued its focus on enhancing the geographic coverage and its digital presence by developing Fintech solutions to deliver enhanced Toyota experience to a wider customer base. As of March 22, your Company is present across 217 outlets which accounts for around 91% of overall Toyota sales in India. Your Company disbursed 19,971 contracts for Toyota new cars in FY'22, which constitutes 15.6% of Toyota sales on pan India basis. As of March 2022, Your Company maintains close to 97,703 live contracts in auto loan portfolio. Your Company also provides used car finance to customers through Toyota U Trust channel present across 91 dealer outlets.

Your Company under its Lexus Financial Services division offers best-in-class financial products and services to Lexus customers in India. To enhance customized offerings for Lexus customers, 'assured buy-back' based finance product has been introduced in the market.

The pilot program to offer retail finance loans to Maruti Suzuki customers in India was introduced in FY 21, currently it covers 40+ cities across the country. Focus remains to leverage our strength as a specialized auto financier and create value for Maruti Suzuki customers by offering customized car loan offerings. Your Company also offers Inventory funding and term loan to Toyota dealers for supporting their finance requirements. In addition to loan facilities to purchase new car, used car and spare parts, your Company also finances dealers for dealership facility expansion.

The balance of loans and advances as of March 2022 was INR 67,553 million (previous year INR 68,210), decreased by 0.96 % from the previous year. The growth in loans and advances were primarily impacted due to Covid resulting in slowdown in disbursements, especially in the first quarter of FY'22. However, the disbursements picked up in the subsequent quarters of the year.

The revenue from operations, of which main streams are interest income and fee income, was INR 6,780 million vis-à-vis INR 6,883 million in the previous year, while finance cost was at INR 3,400 million vis-à-vis INR 3,890 million in the previous year. Net Interest Income has expanded by INR 388 million over previous year. Operational expenses including provision for impairment of assets and write off/ loss on sale of bad debts (employee benefits, depreciation and amortization, and others) were at INR 2,251 million vis-à-vis INR 2,279 million in the previous year. The PAT increased from INR 523 million to INR 838 million driven by increase in Net Interest Income and reduction in credit provisions.

Portfolio quality:

Your Company's gross NPA increased to 5.38% as compared to 4.48% as on March 2021 due to impact of Covid second wave. The delinquencies had peaked in quarter ended June 2021 at 7.10%. With focused efforts towards collections and delinquency management your company was able to bring down its delinquencies in the subsequent quarters. The RBI had issued a circular on 12 November 2021 regarding Income recognition, Asset classification and Provisioning Norms. The RBI had subsequently provided time till 30 September 2022 to put in place the necessary systems to implement the provisions relating to upgradation of NPA accounts to standard asset category. However, your Company has already given effect to the circular classifying the NPA Accounts as Stage 3 Accounts. After netting off with credit loss provisions, Net NPA ratio was 2.41 % for FY'22 vis-à-vis 1.93% in the previous year.

Your Company regularly monitors repayment from delinquent customers and takes optimal approach to customers through call center or multiple field collection agencies tied up across India. It tries to enhance its collection capability by expanding collection reach and smoothing loan recovery process.

Your Company has complied with the requirements of Indian Accounting Standards (Ind AS 109) - Financial Instruments, in making provision for impairment allowances on loan assets outstanding as per Expected Credit Loss (ECL) method. Any application guidance/clarifications/directions issued by the RBI are implemented as and when they are issued/ to the extent they are applicable.

Business Operations

Adhering to Government directions and guidelines on Covid induced lockdowns, your Company leveraged "Work-From-Home" and "Work-From-Office" models to ensure least impact on business operations. Employee health & safety being paramount importance to your Company, it continued taking all possible measures like creating awareness of guidelines and SOPs to follow in terms of personal hygiene, restricting travels, encouraging virtual meetings, restricting office occupancy to permitted levels etc. while supporting business operations in the best possible way.

Your Company's practice of annual drills for IT Disaster Recovery and successfully tested Business Continuity plan played an important role in terms of managing all the activities necessary to support running business operations smoothly while riding the Covid waves.

Global Economic Outlook:

Fiscal year 2022 started with return of lockdowns resulting from successive waves of multiple variants of COVID. However, the availability of multiple vaccines and adaptation to pandemic life ensured that the global economy experienced stronger than anticipated rebound across regions. Towards the end of calendar year 2021, multiple countries were required to reimpose mobility restrictions as the new Omicron COVID variant spread. Global supply chain disruptions (arising from multiple COVID induced lockdowns), as well as elevated food and energy prices contributed to higher inflation globally across Developed & Emerging Market economies.

The beginning of calendar year 2022 was marked by war in Europe, causing a tragic humanitarian crisis in Eastern Europe. This ongoing war and associated sanctions imposed on Russia by multiple economies, including embargo on Russian crude oil & gas, is adding to the supply chain disruptions started by COVID pandemic.

Even prior to the onset of war, inflation had surged in many economies because of soaring commodity & crude oil prices. COVID induced supply chain disruptions are also a major contributing factor to the rise in global inflation. Inflation data for some Advanced Economies, including the United States and other European countries, has reached highest level in more than 40 years. Crude oil prices are also at multi-year high levels and has increased by 36% between August 2021 to February 2022, driven by a strong recovery in oil demand, as well as geopolitical tensions and war in Europe.

Major Central banks globally have begun increasing interest rates and withdrawal of monetary policy stimulus provided during COVID pandemic. As per latest IMF World Economic Outlook, global GDP growth is projected to slowdown from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023, with downside risks.

Indian Economy:

Since the beginning of FY'22, India faced a severe COVID second wave, where daily confirmed cases were several times the peak case load of 2020.

However, unlike the previous lockdown, the government responded to the outbreak with localized lockdowns, while avoiding nationwide lockdown. Indian government also successfully implemented a large and widespread vaccination drive – approximately 80% of adult population had been fully vaccinated by mid-March, with vaccination programme successfully running for children. India experienced a third wave of COVID between Jan'22 – Feb'22; however, given the wide-spread vaccination, impact of COVID 3rd wave was relatively short lived both in terms of healthcare crisis and economic disruption.

Government as well as RBI continued to support the economy with various fiscal and monetary stimulus throughout fiscal 2022. Inflation started to increase in India from the second half of FY'22, due to impact of supply chain disruptions and crude & commodity price increase. The RBI, however, retained an accommodative monetary policy for entire FY'22, focusing on durable growth in Indian economy.

Indian economy, in the beginning of fiscal 2023, faces significant challenges from rising inflation, arising primarily from global supply chain disruptions as well as elevated crude oil prices – which are at multi-decade high levels. After remaining accommodative for entire FY'22, RBI raised repo rate by 40 bps in an unscheduled MPC meeting in May'22, noting that "globally, inflation is rising alarmingly and spreading fast" & "Inflation must be tamed in order to keep the Indian economy resolute on its course to sustained and inclusive growth".

According to recent IMF estimates, Indian economy is expected to grow by 6.9% in FY'23. RBI is also expected to undertake multiple rounds of interest rate tightening in FY'23 in its attempt to control the rising inflationary scenario in India.

Auto Sector:

Combined retail sales for all vehicles (2-Wheeler, 3-Wheeler, Passenger Vehicles, Tractor and Commercial Vehicles) increased by 7% in FY'22. However, the sales are down by 25% as compared to the pre-COVID year FY'20. FY'22 was marked by robust demand but constant supply side constraints across OEMs due to semi-conductor shortage. Passenger vehicle retail sales increased by 14% to 2.72 million in FY'22. Retail sales are expected to reach pre-pandemic level by FY'24.

Electric Vehicle sales increased by over 211 per cent in FY'22 when compared to sales in FY'21. All classes of electric vehicles have shown a big growth in FY'22. Electric cars sales increased 251 per cent this fiscal with more than 16,000 sales compared to 4,593 electric cars being sold last fiscal year.

As per India Ratings and Research (Ind-Ra), passenger vehicle volume could grow 5-9 per cent in next fiscal year driven by an intermittent improvement in consumer sentiments and continued preference for personal mobility, although supply chain issues could limit the growth.

Car Production is expected to be affected for the rest of 2022 because of the semiconductor supply crunch. For the 2-wheeler segment, the rural recovery is still remote and the market for commuter motorcycles is yet to recover from second COVID wave. Meanwhile the commercial vehicle and the tractor segments are showing signs of recovery

To keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry attracted Foreign Direct Investment (FDI) worth US$ 30.51 billion between April 2000 and June 2021 accounting for ~5.5% of the total FDI during the period according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).
The Government of India encourages foreign investment in the automobile sector and has allowed 100% foreign direct investment (FDI) under the automatic route.
Some of the recent initiatives taken by the Government of India are –

- In November 2021, the Union Government added >100 advanced technologies, including alternate fuel systems such as compressed natural gas (CNG), Bharat Stage VI compliant flex fuel engines, electronic control units (ECU) for safety, advanced driver assist systems and e-quadricycles, under the production-linked incentive (PLI) scheme for the automobiles.

- In September 2021, Government announced that it is planning to make it mandatory for car manufacturers to produce flex-fuel engines after getting the required permissions from the Supreme Court of India.

- In Union Budget 2021-22, the Government introduced the voluntary vehicle scrappage policy, which is likely to boost demand for new vehicles after removing old unfit vehicles currently plying on the Indian roads.

- The Union Cabinet outlaid Rs. 57,042 crore (US$ 7.81 billion) for automobiles & auto components sector in production-linked incentive (PLI) scheme under the Department of Heavy Industries.

- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of Electric Vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The Government will also set up incubation centre for start-ups working in the EVs space.

NBFC and Auto Finance Sector:

During FY'21, NBFCs faced multiple challenges due to 6-months of loan moratorium, low collections and lack of business growth; however crucial steps taken by RBI to maintain continuous surplus banking system liquidity, unique funding schemes such as TLTRO, supporting debt capital markets fund-raising, etc, helped the NBFC sector to rise over the crisis period.

Non-banking financial companies (NBFCs) showed resilience in FY 2021-22 despite the coronavirus pandemic woes and are expected to witness continued momentum in growth. The growth will be driven by the uptick in the economy, stronger balance sheet, higher provisions and improved capital positions of NBFCs.

As an indication of improving sentiments, more people in the country are now borrowing to purchase new vehicles. With the pickup in economic activities and rising demand and rates for goods transport, fresh auto loan disbursements by NBFCs have almost touched the pre-COVID levels in the first half of FY'22.

Data provided by the Finance Industry Development Council (FIDC), shows that in H1 FY'22, loans worth INR 63,669.84 crore were disbursed to the auto sector compared to INR 43,564.77 crore in the same period a year ago, up by 46.15%. A sequential reduction in gross NPA was also seen quarter-on-quarter.

As per CRISIL forecasts, NBFC AUM is expected to grow 8-10% in FY'23, driven primarily by traditional lending segments, including auto loans. It is expected that NBFCs would experience higher growth and they are likely to benefit from normalization of economic activities post pandemic.

NBFCs have navigated the challenges in the past couple of years by focusing on higher liquidity, capital and provisioning buffers. These, combined with improving economic activity, have put the sector in a comfortable position to capitalise on growth opportunities.

RBI has introduced several key regulatory measures to strengthen the resilience of the NBFC sector to external shocks, e.g., Scale-based regulations framework, alignment of prudential norms for NPA recognition and classification between banks & NBFCs, etc. Such regulatory measures are expected to create a more robust NBFC sector and strengthen the long-term sustainability of the sector.

Collections:

Due to the impact of Covid across the country, there had been challenges in terms of managing delinquency and the planned collection strategy helped in managing credit cost.

Your Company had adopted multi-pronged approach for collections by using automation and further strengthening the credit controls. Continuous monitoring of portfolios, increased customer engagement, increased focus across various stages of debtors, focusing on NPA Recoveries, rigorous coordination and driving the agencies to achieve numbers & watertight controls by monitoring day to day performance, were some of the many initiatives undertaken by your Company for greater risk controls and better collection efficiency. With the implementation of the above strategy, your Company was able to mitigate challenges posed by Covid and bring down delinquencies to manageable levels.

Borrowings:

In FY'21-22, your company raised long term funds primarily through domestic Non-Convertible Debentures ("NCDs") as well as term loans from banks; given the accommodative monetary policy framework as well as strong liquidity of the domestic banking sector. Your Company was also able to secure ECB funding from Japan Bank of International Cooperation (JBIC). Your company continues to invest in High Quality Liquid Assets ("HQLA"), for the purpose of maintaining Liquidity Coverage Ratio ("LCR") as mandated by RBI for NBFCs. Your Company continues to maintain a conservative approach and foremost importance to liquidity risk management throughout FY'21-22. Your company has maintained cash / cash equivalents and HQLA, over and above unutilized bank lines to meet any potential liquidity shocks. Your Company continues to maintain strong relationship with various banks and avails credit facilities, including committed facilities, from multiple banks. Your Company has continued to enjoy a liquidity indicator of "Superior / Strong" from both CRISIL Limited and ICRA Limited.

Your Company's credit rating continues to remain at AAA (Stable) by both CRISIL Limited and ICRA Limited.

Your Company's borrowing portfolio as of March 2022 consists of 35% by domestic Non-convertible Debentures, 3% by Commercial Papers (CPs), 21% by bank loans, 8% by INR External Commercial Borrowing (INR ECB Loan), 6% by INR Denominated Offshore Bonds ('Masala Bonds') and 28% by foreign currency denominated External Commercial Borrowing (FX ECB Loans) on a fully hedged basis. Your Company continues to maintain appropriate mix of long- and short-term borrowings for healthy asset liability position.

Risk Management:

There are various types of risks that your Company is exposed to. Some of them can be assessed to be Credit Risk, Market Risk, and Operational Risk etc. Your Company is investing resources diligently into building a strong and efficient Enterprise Risk Management framework.

The Enterprise Risk Management framework which constitutes the Risk Appetite Statement of your Company, is based on a thorough function-wise assessment of risks through proper analysis. This forms the basis of reporting, escalation and actions to be taken to mitigate the risks that have been identified. It is monitored using defined Key Risk Indicators (KRI) and the KRIs breaching threshold undergo a thorough check by regular review, control and self-assessments.

Some of the key risks identified through the Risk Appetite Statement are:

Credit Risk of a customer is primarily associated with the delinquency of the customer which in turn, depends upon Economic factors. Resale of security asset of a customer further depends upon the Used Car market scenario. To identify and mitigate credit risk, your Company organizes the Risk Management Committee (RMC) meetings each month where the entire portfolio is discussed and debated upon by dividing it into segments and analyzing trends & patterns and understanding risk levels of the various segments. This, in turn, becomes a key input for portfolio expansion strategy.

It also helps enhance collections activities, ensure proper charge creation and credit underwriting policies.

Liquidity risk is the risk that your Company will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk arises in the following situations:

a. When there is a mismatch between assets and liabilities which is caused by a difference in the maturity profile of such assets and liabilities.
b. From unexpected increases in the cost of funding and an inability to liquidate a position in a timely manner and at a reasonable price.

Your Company has constituted Asset Liability management Committee (ALCO) to monitor the risks arising out of ALM. The ALCO manages the risk through the following measures:

a. Ensuring the borrowing profile of your Company is diversified instrument wise, source wise, maturity wise.
b. Your Company has Board approved ALM Policy which defines key liquidity risk and prescribes appropriate levels of KRI to monitor and control, in line with RBI Liquidity Risk Management framework for NBFCs.
c. Contingency funding plan for responding to severe liquidity disruptions.

Interest Rate Risk - Exposure to interest rate risk is principally as a result of lending to customers at interest rates and in amounts and for periods, which, may differ from its borrowing in other words, the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It covers Earnings Risk and Economic Value Risk.

The ALCO is entrusted with the responsibility to manage the Interest rate Risk. Your Company seeks to match its interest rate positions to minimize interest rate risk and undertakes the following steps:

a. Set and monitor the threshold levels of KRI.
b. Monitor Interest rate sensitivity as prescribed by RBI.
c. Analyze earnings at risk caused by an upward shift in the yield curve (100 bps parallel shift).
d. Cross Currency Interest Rate SWAPs to hedge the risk of External Commercial Borrowings.

Currency Risk - Foreign currency exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises primarily on account of foreign currency receivables or payables and foreign currency borrowings.

Your Company has borrowed foreign currency overseas loans under the RBI regulations of External Commercial Borrowings and has hedged currency exposure including the interest payable in future through SWAPs to minimize the unhedged foreign currency exposure.

Compliance Risk arises under circumstances when there is failure to act in accordance with legal, regulatory or industry laws, regulations, or policies. It can lead to legal penalties, financial forfeiture and material loss. To protect from such circumstances, your Company organizes the Compliance Committee Meetings on a monthly basis during which compliance matters are discussed.

Operational Risks arise from the risk of loss resulting from inadequate or failed internal processes, people, or systems. They also arise from external events. Some such risks are addressed in the Risk Management Committee (RMC) meetings like information leakage, IT system disruption, operational errors, internal/ external frauds, legal/ regulatory non-compliance, physical damage to company asset, resignation of key personnel etc. These incidents are reported to the top management and possible countermeasures are discussed; post which the relevant department takes necessary action.

Information Technology Risk and Cyber Risk arise from the ever-expanding areas like fraudsters, cyber-attacks, phishing etc. In order to safeguard against such attacks, your Company has strict monitoring mechanism of Key Risk Indicators on a daily and monthly basis. These risks are reported to the Risk Management Committee (RMC) and are reviewed by the Management.

Resilience to sudden shock is in relation with ensuring adequate Crisis Management protocols under any crisis and ensuring Business Continuity in case the crisis extends. Pertaining to this, your Company has a strong Crisis Management Policy and Framework which covers aspects of ensuring Business Continuity under various crisis scenarios. Your company also conducts an annual drill to ensure preparedness and proactive measures are taken for such scenarios.

Strategic risk is the potential failure of a company in achieving corporate objectives due to improper or failure in planning, determining and implementing strategies, making the right business decisions, and/or being less responsive to the company's external changes. Your company ensures that strategic risks do not arise by implementation of a strategic management plan which is also reviewed by the Board of Directors.

Thus, the overall Risk Management of your Company is encapsulated in the RMC and ALCO and various other committees; this represents your Company's "Enterprise Risk Management Framework".

Additional measures taken during the pandemic affected times:

Restructuring: Your Company has also offered the facility of Restructuring 2.0 to the borrowers as per the RBI guidelines.

Maintaining Business Continuity: Your Company ensured Business Continuity during the lockdown period by ensuring additional ways to continue to work. Your Company ensured that the IT infrastructures and systems were in place, tested and checked and proper measures taken in relation to getting affected in the least possible way.

Internal Financial Control:

Your Company has in place adequate internal controls for ensuring orderly and efficient conduct of the business, including adherence to your Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information and disclosures as per applicable laws. Your Company has also ensured that such internal financial controls are operating efficiently and effectively.

Information Technology/ Project Office:

Overcoming several challenges posed due to Covid situation, your Company managed 99.95% business hours availability of IT system with stability maintained throughout FY'22.

Your Company continued to move forward in its digital journey. It enhanced customer onboarding platform through integrations with your company's website and MSIL smart finance platform with

Loan Originating System [DIGI] and started scorecard pilot testing, first step towards auto-decisioning journey.

Your Company further digitized collection activities helping feet-on-street collection agents to have real time updates of customer dues enabling them to collect from customers in the field and generate digital receipting.

Your Company enhanced its overall security posture through onboarding on to the Global TFSC Cyber Insurance Program and emplacing a cyber insurance for your Company. Significant improvements have been brought into the vulnerability management program to bring down the vulnerabilities across all systems with strong positive results thus managing the KRI's effectively.

Human Resources:

Your Company steadily progresses towards developing an agile workforce that will build a sustainable organization for the future. Financial Year 2021-22 ended with overall head count of 578.

Your Company continues to build a strong foundation based on the principles of Toyota values. In this regard we have aligned to the global direction of the new "Toyota Way 2020" and launched the "Toyota Way of Working" model to transform employees into "Toyota Professionals"

FY'22 continued to be a challenging year for connecting and engaging with employees due to the pandemic situation. However, your Company has taken necessary steps to continuously connect with employees through employee connect sessions with the support of an external agency. Many measures were taken on employee wellness, both physical and emotional wellness.

Adapted the digital way of working and transformed most of the activities into digital platform, including the learning and training activities. Ensured smooth transition to new normal and new way of working. Even though, there were multiple challenges during the year, your Company could manage to maintain the high levels of Employee Engagement Survey score which was similar to best performing norms.

Your Company continues to drive focus on "People Development" initiatives towards ensuring sustained development of employees. Special focus was given for assessing the skill gap analysis and training need analysis to design the People development plans and executed successfully. "E-Vidya", a digital learning platform was launched to support in people development which could facilitate self-paced and bite sized learning. The training programs were focused on Toyota related trainings such as Toyota Way Foundations, Toyota Best Practices (TBP), Soft skills training and Governance policy trainings.

Employee Health & Safety - COVID-19 Support:

Employee's health and safety is one of the most important aspects of your Company. With this approach your Company has taken several employee welfare measures to support its employees and their families to protect from COVID impacts. "COVID Kavach" scheme introduced to all employees, which covers Employee and family COVID insurance, Add-on top-up insurance, round the clock call centre support, special medical leave and reimbursement for COVID related expenses etc. By providing various support and through regular communication to the employees their morale and motivation was kept high.

Corporate Social Responsibility:

Your Company continued its committed efforts towards the community by means of its Corporate Social Responsibility (CSR) program with active involvement from employees. This year also your Company focused on education for underprivileged children :

- Constructed a government higher primary school building in the rural outskirts of Bangalore, at Mylanayakana Hosahalli Village, Chanapatna Taluk, Ramanagar District. There are 5 blocks within the compound, and your Company has constructed the block 1. The school has currently 250 students, where high school and college is also located within the vicinity. This project provides good infrastructure, furniture, kitchen equipment and utensils, books, school bags. The objective is to bring more children towards the school, so that the education level can grow in the rural areas.
- Continued support in existing CSR projects, through improvements and maintenance, by providing adequate facilities as required at various existing CSR projects like schools etc.
- Lastly, contribution to Prime Minister's relief fund was made to support various relief activities being undertaken by the Government of India.

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Date: May 23, 2022
Place: California, USA

For **Toyota Financial Services India Limited**

Sd/-

Manabu Ueno
Whole Time Director
DIN: 08635145

Date: May 23, 2022
Place: Bangalore, India

ANNEXURE-2

Declaration by Managing Director and Chief Executive Officer

[As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Toyota Financial Services India Limited

I, Narayanaswamy Raja, Managing Director & Chief Executive Officer of Toyota Financial Services India Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2022.

For Toyota Financial Services India Limited

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Date: May 23, 2022
Place: California, USA

ANNEXURE-3

COMPLIANCE CERTIFICATE

(Under Regulation 17(8) of Securities and Exchange Board of India Listing Obligations and Disclosure Requirements Regulations, 2015)

To,
The Board of Directors
Toyota Financial Services India Limited

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2021-22 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450
Date: May 23, 2022
Place: California, USA

For **Toyota Financial Services India Limited**

Sd/-

Anupam Vasdani
Chief Financial Officer

Date: May 23, 2022
Place: Bangalore, India

ANNEXURE-4

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 contract/ 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:**
   (a) Name(s) of the related party and nature of relationship- N.A.
   (b) Nature of contracts/ arrangements/ transactions- N.A.
   (c) Duration of the contracts/ arrangements/ transactions- N.A.
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any- N.A.
   (e) Justification for entering into such contracts or arrangements or transactions- N.A.
   (f) Date(s) of approval by the Board, if any- N.A.
   (g) Amount paid as advances, if any- N.A.
   (h) Date on which the special resolution was passed in general meeting as required under the first proviso to section 188- N.A.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	**Nature of contracts/ arrangements/ transactions**	**Salient terms of the contracts or arrangements or transactions including the duration and value if any**	**Date(s) of approval by the Board,**
Toyota Kirloskar Motor Private Limited (TKM). **Nature:** Common Directors and Group Company	Integration Interface maintenance services with regards to wholesale funding business	Integration Interface maintenance services with regards to wholesale funding business for FY 21-22 Value of Transaction: Rs. 2,50,000 (Excl. Tax).	Board Approval – May 27, 2021
	Purchase of Vehicles	Purchase of 18 Toyota vehicles from TKM. Value of Transaction: Rs. 21,465,243.	Board Approval – May 27, 2021
	Purchase of Vehicles	Purchase of 2 Toyota vehicles from TKM. Value of Transaction: Rs. 34,08,428.	Board Approval – September 2, 2021
	Receipt of subvention	Subvention received from TKM. Value of Transaction: Rs. 2,97,25,558.	Board Approval – September 2, 2021
	Leasing of vehicles to TKM for use by their employees	Leasing of vehicles to TKM for use by their employees. Value of Transaction: Maximum amount of Rs. 31 Million for the period November 21 to March 22.	Board Approval – September 2, 2021
	Receipt of subvention	Subvention received from TKM. Value of Transaction: Rs. 1,29,30,250 for the period May 21 – August21 and Rs. 32,40,000 for September 21.	Board Approval – November 11, 2021

	Shared services	Travel support for employees of the Company, which may be extended to other services like Recruitment, CSR etc. Value of Transaction: Payment of Annual fixed charges Rs. 7,90,000 starting from January 1, 2022. Service charges are to be paid basis volume of transactions.	Board Approval – November 11, 2021
	Alternate space arrangement / office as per "Business Continuity Management Plan"(BCP)	Alternate space arrangement from TKM for office purpose w.r.t BCP. Value of Transaction: Approximate / estimated Rs. 20,00,000 rental per year which is subject to further negotiation and finalization.	Board Approval – November 11, 2021
	Leasing of vehicles	Leasing of vehicles from TKM. Value of Transaction: Maximum amount of Rs. 31 Million for the period November 2021 to March 2022.	Board Approval – November 11, 2021
	Purchase of Vehicles	Purchase of Vehicles from TKM Value of Transaction: Maximum amount of Rs. 290 Million for the period November 2021 to March 2022.	Board Approval – November 11, 2021
	Purchase of Vehicles	Purchase of vehicles from TKM. Value of Transaction: Maximum amount Rs. 340 Million for FY 22-23.	Board Approval - February 10, 2022
	Leasing of vehicles	Leasing of vehicles from TKM. Value of Transaction: Maximum amount Rs. 60 Million for FY 22-23.	Board Approval - February 10, 2022
	Receipt of subvention	Subvention received from TKM. Value of Transaction: Rs. 82.5 Million for 22-23.	Board Approval - February 10, 2022
	Residual Value (RV) sharing	RV Risk sharing by TKM. Value of Transaction: Estimated Rs. 85,00,000 for 80 lease contracts.	Board Approval - February 10, 2022
	Sale of cars	Sale of 7 cars to TKM. Value of Transaction: Total amount of Rs. 59,66,000/- for the period December 2021.	Board Approval - February 10, 2022
	MOU for KINTO	Strategic MOU for KINTO business between KINTO Business Division of the Company & TKM.	Board Approval - February 10, 2022
	Integration Interface maintenance services	Integration Interface maintenance services from TKM. w.r.t wholesale funding business. Value of Transaction: Rs. 2,50,000 for FY 23.	Board Approval - February 10, 2022
Toyota Financial Services Corporation (TFSC). **Nature:** Holding Company	Learning Management System (LMS) usage	Usage of Global Content Material and LMS usage from TFSC. Value of Transaction: Global Content Material License Fee = JPY 22,000 + LMS Usage Fee = JPY 3,080 for the current FY 21-22 to TFSC and JPY 35,000 for FY 22-23.	Board Approval - February 10, 2022

Toyota Motor Asia Pacific Pte. Ltd. (TMAP). **Nature:** Fellow Subsidiary	Services Agreement	To avail services like business performance review, advice/support new business etc. from TMAP. Statement of Work (SOW) containing description of services to be provided pursuant to the Agreement. Value of Transaction: Actual Cost + Mark-up (5%)	Board Approval – December 25, 2021 Circular Resolution
	Software Services (Kinto)	To availing various IT related services from TMAP. Value of Transaction: Maximum amount of Rs. 3 Million per year excluding GST for FY 23	Board Approval - February 10, 2022
Toyota Motor Credit Corporation (TMCC). **Nature:** Group Company	IT and Information Security	IT and Information Security related services from TMCC. Value of Transaction: Rs. 4 Million for FY 21-22.	Board Approval - May 27, 2021
	IT and Information Security	IT and Information Security related services from TMCC. Value of Transaction: Rs. 4 Million for the FY 22-23.	Board Approval - February 10, 2022
Toyota Tsusho Systems (TTS) India Private Limited. **Nature:** Group Company	Microsoft Product and Service	Purchase of Microsoft Product and Service from TTS. Value of Transaction: Rs. 13 Million per year for FY 22 and FY 23.	Board Approval - February 10, 2022
Toyota Tsusho Systems Singapore (TTSS) Pte. Ltd. **Nature**: Group Company	IT Network Services	To avail IT Network Services from TTSS w.r.t Device management & Monitoring of global network to support global business application. Value of Transaction: Rs. 432,000 for the FY 22-23.	Board Approval - February 10, 2022
Toyota Tsusho Systems (Thailand) Co. Ltd. (TTST). **Nature:** Group Company	License services	To avail Licenses from TTST w.r.t OutSystems and VPN connectivity. Value of Transaction: Maximum of Rs. 5 Million excluding GST for the period from April 2022 to March 2023.	Board Approval - February 10, 2022

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Date: May 23, 2022
Place: California, USA

For **Toyota Financial Services India Limited**

Sd/-

Manabu Ueno
Whole Time Director
DIN: 08635145

Date: May 23, 2022
Place: Bangalore, India

ANNEXURE-5

THE ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company:
   Your Company contributed to sustainable development of society by undertaking various projects and programs which will enhance the quality of life and well-being of diverse people clusters in society. Guided by the Act and Toyota's basic philosophy regarding CSR, depending upon the area that needs utmost attention and support for the development of the society and to meet direct needs of the society, the Company decide upon the kind of programs,/ projects and/ or activities that can be undertaken by the Company for a particular tenure. Implementation of such programs / projects / activities are done either directly through Company's personnel or through appointment of external agencies, trusts, institutions etc. depending upon the best suitable way or method of execution of such observed activity(ies). During the reporting period, the company undertook various projects (for details refer point 8 (c) below). The Company also contributed certain portion of its CSR to Prime Minister's National Relief Fund/PMCARES.

2. Composition of CSR Committee:

S no.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Narayanaswamy Raja	Chairperson of CSRC, Managing Director & Chief Executive Officer	3	3
2	Mr. Manabu Ueno	Whole-time Director	3	3
3	Ms. Sunita Handa#	Independent Director	2	2
4	Ms. Asha Sampath*	Independent Director	1	1

* Ms. Asha Sampath, Independent Director retired effective from September 28, 2021.
# Ms. Sunita Handa, Independent Director inducted to CSR Committee effective from November 6, 2021.

3. Provide the web-link where following items are placed:

S No.	Particulars	Web-link
1	Composition of CSR committee	https://www.toyotafinance.co.in/downloads/list-of-directors.pdf
2	CSR Policy	https://www.toyotafinance.co.in/downloads/tfsin-csr-policy.pdf
3	CSR projects approved by the board	https://www.toyotafinance.co.in/downloads/board-approved-csr-projects-FY21-22.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NIL**

6. Average net profit of the company as per section 135(5): **Rs. 37,46,45,478**

7. CSR obligation for the financial year:

S No.	Particulars	Amount in Rs.
(a)	Two percent of average net profit of the company as per section 135(5)	7,492,910
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	-
(c)	Amount required to be set off for the financial year, if any	-
	Total CSR obligation for the financial year (7a+7b-7c).	7,492,910

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Amount.	Name of the Fund	Amount.	Date of transfer
7,492,910/-	**NA**	**NA**	**NA**	**NA**	**NA**

(b) Details of CSR amount spent against ongoing projects for the financial year – **NA**

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

S no.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1	Construction of school building , washrooms and other facilities for under privileged Govt school	(ii) promoting education,	Yes	Karnataka	Ramanagaram	5,594,910	Direct	Not Applicable	
2	Improvements / Maintenance of existing school building	(ii) promoting education,	Yes	Karnataka	Ramanagaram	1,771,970	Direct	Not Applicable	

3	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	(viii) contribution to the prime minister's national relief fund 8 or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Yes	Not Applicable	108,442	Direct	Not Applicable	
	TOTAL				**7,475,322**			

(d) Amount spent in Administrative Overheads: ***17,588***
(e) Amount spent on Impact Assessment, if applicable: ***NA***
(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs. 7,492,910**
(g) Excess amount for set off, if any: ***NIL***

S No.	Particulars	Amount in Rs.
(i)	Two percent of average net profit of the company as per section 135(5)	**7,492,910**
(ii)	Total amount spent for the Financial Year	**7,492,910**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**NIL**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**NIL**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**NIL**

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NA**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

Date of creation or acquisition of the capital asset(s).	March 31, 2022
Amount of CSR spent for creation or acquisition of capital asset.	5,594,910
Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Govt Higher Primary School, Mylanayakana Hosahalli village, Channapatna Taluk, Ramanagar District
Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Classrooms, Dining Hall, Kitchen, Library and Furniture & Fixtures (Study Desk, Kitchen equipment, Library Racks) **Address**: Govt Higher Primary School, Mylanayakana Hosahalli village, Channapatna Taluk, Ramanagar District – Karnataka, India.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NA**. Since, the Company has spent entire two per cent of the average net profit as per section 135(5)

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
Chairperson, CSRC
DIN: 06840450

Date: May 23, 2022
Place: California, USA

For **Toyota Financial Services India Limited**

Sd/-

Manabu Ueno
Whole Time Director
Member, CSRC
DIN: 08635145

Date: May 23, 2022
Place: Bangalore, India

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2022

To
The Members
Toyota Financial Services India Limited
No. 21 Centropolis, First Floor
5th Cross Langford Road, Shanti Nagar
Bengaluru - 560025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Toyota Financial Services India 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 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, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2022 (the audit period) 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:

DB

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings; the Company has not made any Overseas Direct Investment during the audit period.

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 to the Company during the review Period);**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. **(Not Applicable to the Company during the review Period);**

DB

V. Sreedharan & Associates Company Secretaries

d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. **(Not Applicable to the Company during the Audit Period)**;

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not Applicable to the Company during the Audit Period)**;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**; and

i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi) Other Laws Applicable Specifically to the Company namely:

a. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

b. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

DB

V. Sreedharan & Associates Company Secretaries

c. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016.

d. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

e. Master Direction - Know Your Customer (KYC) Direction, 2016

f. Master Direction - Information Technology Framework for the NBFC Sector

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have not examined compliance with applicable Financial Laws like Direct and Indirect Tax Laws since the same have been subject to review by statutory financial audit and other designated professionals.

We 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.

DB

V. Sreedharan & Associates Company Secretaries

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 except with respect to those agenda items which the Company deemed to be unpublished price sensitive information (UPSI), 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 have been recorded.

Based on the review of systems and processes adopted by the Company of providing confirmation on compliances of all the laws applicable to the Company by the Company Secretary to the Board from time to time, which was taken on record by the Board of Directors, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as per the list of such laws as mentioned above in Point No. vi of para 3 of this report.

DB

V. Sreedharan & Associates Company Secretaries

We further report that during the year under review, there were no events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, etc.

For **V SREEDHARAN & ASSOCIATES**

(Devika Sathyanarayana)
Partner
FCS: 11323; CP No.17024

Place: Bengaluru
Date: May 11, 2022

UDIN: F011323D000301888

Peer Review Certificate No.: 589/2019

This letter which is annexed herewith as Annexure 1 forms an integral part of the Secretarial Audit Report MR-3 and has to be read along with it.

'Annexure -1'

To

The Members

Toyota Financial Services India Limited

No. 21 Centropolis, First Floor

5th Cross Langford Road, Shanti Nagar

Bengaluru - 560025

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

DB

V. Sreedharan & Associates
Company Secretaries

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.

7. Due to the pandemic situation, we were not able to visit the office in person to peruse the original documents etc. that were required for our audit purpose. However, we have relied on the soft copy of the documents and the links provided by the Company.

For V **SREEDHARAN & ASSOCIATES**

V. Sreedharan & Associates
Company Secretaries

(Devika Sathyanarayana)
Partner
FCS: 11323; CP No.17024

Place: Bengaluru
Date: May 11, 2022

UDIN: F011323D000301888

Peer Review Certificate No.: 589/2019

V SREEDHARAN AND ASSOCIATES
Company Secretaries
No. 291, 1st Floor, 10th Main Road, 3rd Block,
Jayanagar, Bengaluru - 560 011
+ 91 80 49594533 compliance@sreedharancs.com

Secretarial Compliance report of Toyota Financial Services India Limited for the year ended March 31, 2022

We have examined:

(a) All the documents and records made available to us and explanation provided by **Toyota Financial Services India Limited** ("the listed entity");

(b) The filings/ submissions made by the listed entity to the stock exchanges;

(c) Website of the listed entity;

(d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the year ended March 31, 2022 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing, Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the review Period)**;

DB

V. Sreedharan & Associates Company Secretaries

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the review Period);**

(d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the review Period);**

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the review Period);**

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

DB

V. Sreedharan & Associates
Company Secretaries

(d) The listed entity was not required to take any action as this is the first Annual Secretarial Compliance Report under sub-rule (1) of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **V SREEDHARAN & ASSOCIATES**
Company Secretaries

V. Sreedharan & Associates
Company Secretaries

(Devika Sathyanarayana)
Partner
FCS: 11323; CP No.17024

Place: Bengaluru
Date: May 11, 2022

UDIN: F011323D000302119

Peer Review Certificate No.: 589/2019

Addendum to Board's Report dated May 23, 2022, of the Toyota Financial Services India Limited

According to the provisions of Section 168 of the Companies Act, 2013, whenever a director resigns from the position of the directorship, the fact of the same must be placed in the report of Directors to be laid in the immediately following general meeting of the company.

The Directors' Report of the Company for FY 2021-22 was approved by the Board in its meeting held on May 23, 2022.

Thereafter, Mr. Masakazu Yoshimura and Mr. Hao Quoc Tien have resigned from directorships of the Company.

Since the directors have resigned after the approval of the Directors' Report by the Company, the Company would hereby wish to inform the members of the Company that:

1. Mr. Masakazu Yoshimura (DIN: 08327922), Non-Executive Director has resigned from the Board of Directors of the Company with effect from June 8, 2022.

2. Mr. Hao Quoc Tien (DIN: 08346688), Non-Executive Director has resigned from the Board of Directors of the Company with effect from August 10, 2022.

For **Toyota Financial Services India Limited**

Sd/-

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Date: August 12, 2022
Place: Bangalore, India

For **Toyota Financial Services India Limited**

Sd/-

Manabu Ueno
Whole Time Director
DIN: 08635145

Date: August 12, 2022
Place: Bangalore, India

HO
602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of **Toyota Financial Services India Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toyota Financial Services India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and Measurement of Loans and Provision for Expected Credit Loss (ECL) on Loans Total ECL Provision as at March 31, 2022 – INR 3,235.11 million Charge to the Statement of Profit and Loss – INR (14.35) million Note 2(iii)(c) on Significant Accounting Policies, Note 44(g) of the Financial Statements	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Ind AS 109, Financial Instruments, requires the Company to create allowance for loan losses using expected credit loss (ECL) model. The estimation of ECL on financial instruments involves significant judgement and estimates. Significant degree of judgement has been applied by the management including but not limited to the following matters:	Our audit procedures with respect to this matter included, but were not limited to, the following: Test of controls: • Performed process walkthroughs to identify the key systems, applications and controls used in the ECL model. Verified the relevant manual controls, general IT and application controls

• Grouping of portfolios based on shared risk characteristics. • Criteria selected for staging of loans. • Data inputs/assumptions used in the model. • Determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). • Determining the economic scenarios used and the probability weights applied in measuring ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. • Management overlay for considering the probability weighted scenarios, the forward looking macroeconomic factors, economic environment and timing of cash flows. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the significant management's judgement involved in estimation of ECL and considering the magnitude of portfolio relative to the Balance sheet, we have identified this as a key audit matter.	over key systems used in the ECL process on test check basis. • Verified the Company's accounting policies for provisioning of ECLs and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments' and prudential norms laid down by Reserve Bank of India ('RBI'). • Verified the operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into ECL model on test check basis. • Verified design and operating effectiveness of controls over the 'Governance Framework' controls for validation, implementation and monitoring of model in line with the RBI guidance. • Obtained an understanding of Management's process of ECL computation and verified design and operating effectiveness of the controls for staging of loans based on their past due status on a test check basis. Verified samples of performing (stage 1 and stage 2) loans to assess whether any loss indicators were present requiring them to be classified under stage 3. • For specifically assessed non-homogeneous loans, verified controls over the monitoring of the credit watch list, credit file review processes, approval of external collateral valuation vendors. • Performed inquiries with the Company's management and its risk management function to assess the impact of Covid-19, if any, on the business activities of the Company. • Verified key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights on test check basis. • Verified management's controls over authorization and calculation of post model adjustments and management overlays. • Involved internal subject matter expert for evaluating the appropriateness of the Company's Ind AS 109- "Financial Instruments" impairment methodologies and reasonableness of assumptions used, evaluating whether the changes were appropriate by assessing the updated model methodology, and reasonableness of the Company's considerations of the impact of the current economic environment. Test of details: • Verified the input data used for determining the PD and LGD rates and further verified the data with the underlying books of accounts and records on a test check basis.

	• Verified key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied on a test check basis. • Verified model calculations through re-performance, where possible. • Verified the arithmetical accuracy of computation of ECL provision performed by the Company. • Performed Test of details of post model adjustments, considering the size and complexity of management overlays to assess the reasonableness of the adjustments by challenging key assumptions, inspected the calculation methodology and traced a sample of the data used back to source data. • Assessed the impact of the RBI clarification dated November 12, 2021 and February 15, 2022 on the allowance for loan losses of the Company. • Verified the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. • Assessed the additional considerations applied by the management for staging of loans as Significant Increase in Credit Risk /default in view of Company's policy on moratorium and reschedule /restructuring of loans in accordance with the regulations issued in this respect. • Assessed the adequacy and appropriateness of the disclosures included in the Ind AS financial statements in respect of expected credit losses in accordance with the requirements of Ind AS 107 - "Financial Instruments: Disclosures" and Ind AS 109 - "Financial Instruments".

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by another auditor whose report dated May 27, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 4 to the financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

(a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. – Refer Note 54 to the financial statements

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. – Refer Note 55 to the financial statements

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No. 117812
UDIN: 22117812AJKNSD2895

Place: Mumbai
Date: May 23, 2022

HO
602, Floor 6, Raheja Titanium
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Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2022

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

i. In respect of Property, Plant and Equipment:

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii.

(a) The Company is involved in the business of asset financing. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.

(b) According to the information and explanations provided to us, the Company has not been sanctioned working capital limits from Banks/financial institutions on the basis of security of current assets. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.

iii.

(a) According to the information and explanation provided to us, the Company has provided loans to other entities.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to grant of above loans are not prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of granting loans to retail customers for vehicles and term loans and inventory funding to dealers, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 45 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of the loans, the total amount overdue for more than ninety days as at March 31, 2022 is Rs. 3,804.74 million. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 45 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2022.

(e) The provision stated in paragraph 3(iii)(e) of the order is not applicable to companies whose principal business is to give loans. Hence the clause is not applicable to the Company.

(f) According to the information explanation provided to us, the Company has not any granted loans or advances in the nature of loans to promoters, related parties as defined in clause (76) of Section 2 of the Companies Act, 2013. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2022, and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the business activities of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess have been regularly deposited by the company with appropriate authorities in all cases during the year.

According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and examination of records of the Company, there are no outstanding dues of goods and service tax, customs duty, cess and any other statutory dues on account of any disputes. According to the information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of dispute:

Name of the statute	**Nature of dues**	**Amount Rs.**	**Period to which the amount relates**	**Forum where dispute is pending**	**Remarks, if any**
The Income Tax Act, 1961	Income Tax and Interest demanded	4.97	AY 2017-18	Commissioner of Income Tax (Appeals)	None

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix.

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

(e) According to the information and explanations given to us, the Company does not have any subsidiary, associate or joint venture, hence reporting under the clause (ix)(e) of the order is not applicable to the Company.

(f) According to the information and explanations given to us, the Company does not have any subsidiary, associate or joint venture, hence reporting under the clause (ix)(f) of the order is not applicable to the Company.

x.

(a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi.

(a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the Indian accounting standards.

xiv.

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports issued by internal auditors during our audit.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi.

(a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Investment and Credit Company (NBFC-ICC).

(b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the company.

xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.

xviii. There has been resignation of the statutory auditors during the year due to regulatory requirements, there were no issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.

xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No.117812
UDIN: 22117812AJKNSD2895

Place: Mumbai
Date: May 23, 2022

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Toyota Financial Services India Limited on the Financial Statements for the year ended March 31, 2022]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of Toyota Financial Services India Limited ("the Company") as of March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No.117812
UDIN: 22117812AJKNSD2895

Place: Mumbai
Date: May 23, 2022

Toyota Financial Services India Limited
Balance sheet as at

(Amounts are in INR Million)

	Particulars	Notes	31 March 2022	31 March 2021
	ASSETS			
I	**Financial assets**			
(a)	Cash and cash equivalents	3	2,575.28	1,563.34
(b)	Derivative financial instruments	4	659.86	104.43
(c)	Trade receivables	5	22.56	4.42
(d)	Loans	6	67,552.79	68,209.81
(e)	Investments	7	2,419.40	989.15
(f)	Other financial assets	8	39.32	93.66
	Total financial assets		**73,269.21**	**70,964.81**
II	**Non-financial assets**			
(a)	Current tax assets (net)	9	133.82	99.03
(b)	Deferred tax assets (net)	10	733.80	782.59
(c)	Property, plant and equipment	11	442.54	266.60
(d)	Intangible assets under development	12	17.23	91.64
(e)	Other intangible assets	12	165.08	59.93
(f)	Right-of-use assets	13	53.78	108.29
(g)	Other non-financial assets	14	246.13	164.59
	Total non-financial assets		**1,792.38**	**1,572.67**
	Total Assets		**75,061.59**	**72,537.48**
	LIABILITIES AND EQUITY			
I	**Liabilities**			
i	**Financial liabilities**			
(a)	Derivative financial instruments	4	35.20	144.11
(b)	Trade payables	15	1,266.66	948.65
	(i) total outstanding dues of micro enterprises and small enterprises		26.10	5.94
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,240.56	942.71
(c)	Debt securities	16	25,223.83	23,412.45
(d)	Borrowings (other than debt securities)	17	33,416.78	33,647.09
(e)	Lease liabilities	18	59.78	114.86
(f)	Other financial liabilities	19	3.42	24.45
	Total financial liabilities		**60,005.67**	**58,291.61**
ii	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	20	-	28.83
(b)	Provisions	21	125.88	108.92
(c)	Other non-financial liabilities	22	49.00	64.83
	Total non-financial liabilities		**174.88**	**202.58**
II	**Equity**			
(a)	Equity share capital	23	9,579.73	9,579.73
(b)	Other equity	24	5,301.31	4,463.56
	Total equity		**14,881.04**	**14,043.29**
	Total Liabilities and Equity		**75,061.59**	**72,537.48**

Significant accounting policies	2	
Notes to the financial statements	3 - 59	

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

For and on behalf of the Board of Directors of
Toyota Financial Services India Limited

Swapnil Kale
Partner
Membership No. 117812

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

California
23 May 2022

Manabu Ueno
Whole-time Director
DIN:08635145

Bangalore
23 May 2022

Anupam Vasdani
Chief Financial Officer

Bangalore
23 May 2022

R Nithya Prabhu
Company Secretary
Membership No. F9087
Bangalore
23 May 2022

Mumbai
23 May 2022

Toyota Financial Services India Limited
Statement of profit and loss for the year ended

(Amounts are in INR Million)

	Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
	Revenue from operations			
(i)	Interest income	25	6,211.00	6,549.47
(ii)	Rental income		155.73	39.36
(iii)	Fees and commission income		4.02	2.19
(iv)	Net gain on fair value changes	26	103.87	18.17
(v)	Others	27	305.70	273.59
(I)	**Total Revenue from operations**		**6,780.32**	**6,882.78**
(II)	Other income	28	1.98	17.84
(III)	**Total Income (I+II)**		**6,782.30**	**6,900.62**
	Expenses			
(i)	Finance cost	29	3,399.92	3,890.25
(ii)	Impairment on financial instruments	30	643.18	1,058.80
(iii)	Employee benefit expenses	31	569.49	498.47
(iv)	Depreciation, amortisation and impairment	32	232.14	109.04
(v)	Other expenses	33	806.06	612.90
(IV)	**Total expenses**		**5,650.79**	**6,169.46**
(V)	**Profit/(loss) before tax (III-IV)**		**1,131.51**	**731.16**
(VI)	**Tax expense**			
	1. Current tax - current year	10	240.61	365.95
	- earlier year		-	30.82
	2. Deferred tax	10	49.89	(187.09)
	Total tax expense		**290.50**	**209.68**
(VII)	**Profit for the year (V-VI)**		**841.01**	**521.48**
(VIII)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
i.	Remeasurements of the defined benefit plans		(4.36)	2.26
ii.	Income tax relating to items that will not be reclassified to profit or loss		1.10	(0.57)
	Other comprehensive (loss)/income		**(3.26)**	**1.69**
(IX)	**Total comprehensive income for the year (VII+VIII)**		**837.75**	**523.17**
(X)	**Earnings for equity share**			
	Basic (INR)	34	0.88	0.54
	Diluted (INR)	34	0.88	0.54
	Face value per share (INR)		10.00	10.00
	Significant accounting policies	2		
	Notes to the financial statements	3 - 59		
	The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

For **M S K A & Associates**
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Partner
Membership No. 117812

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

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Manabu Ueno
Whole-time Director
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Bangalore
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Anupam Vasdani
Chief Financial Officer

Bangalore
23 May 2022

R Nithya Prabhu
Company Secretary
Membership No. F9087
Bangalore
23 May 2022

Mumbai
23 May 2022

Toyota Financial Services India Limited
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2022

A. Equity share capital

(Amounts are in INR Million)

Balance as at 01 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
9,579.73	-	9,579.73

Balance as at 01 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
9,579.73	-	9,579.73

B. Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	Statutory Reserve	Securities Premium	Retained Earnings	Remeasurements of the defined benefit plans	
Balance as at 31 March 2020	**332.21**	**3,320.27**	**288.24**	**(0.33)**	**3,940.39**
Profit for the year	-	-	521.48	-	**521.48**
Other comprehensive income (net of taxes)	-	-	-	1.69	**1.69**
Transfer to special reserve under section 45-IC of RBI Act, 1934	104.30	-	(104.30)	-	-
Balance as at 31 March 2021	**436.51**	**3,320.27**	**705.42**	**1.36**	**4,463.56**
Profit for the year	-	-	841.01	-	**841.01**
Other comprehensive income (net of taxes)	-	-	-	(3.26)	**(3.26)**
Transfer to special reserve under section 45-IC of RBI Act, 1934	168.20	-	(168.20)	-	-
Balance as at 31 March 2022	**604.71**	**3,320.27**	**1,378.23**	**(1.90)**	**5,301.31**

Note 24 describes the purpose of each reserve within equity.

Significant accounting policies	2
Notes to the financial statements	3 - 59

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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Membership No. F9087

Bangalore
23 May 2022

Mumbai
23 May 2022

Toyota Financial Services India Limited
Statement of cash flow for the year ended

(Amounts are in INR Million)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A.	**Cash flow from operating activities**		
	Profit for the year	1,131.51	731.16
	Adjustments for :		
	Depreciation, amortisation and impairment	232.14	109.04
	Net (gain) / loss on derecognition of property, plant and equipment	(1.55)	10.78
	Net gain on fair value changes	(103.87)	(18.17)
	Interest income	(6,211.00)	(6,549.47)
	Interest on lease liability	4.62	7.98
	Interest on debt securities	1,641.54	1,469.70
	Interest on borrowings (other than debt securities)	1,750.06	2,411.41
	Impairment on financial instruments	643.18	733.22
	Others	2.60	(2.78)
	Operating profit before working capital changes	**(910.77)**	**(1,097.13)**
	Changes in working capital :		
	Increase / (decrease) in trade payables	318.01	526.85
	Increase / (decrease) in other financial liabilities	(21.03)	24.45
	Increase / (decrease) in other non-financial liabilities	(15.83)	26.51
	Increase / (decrease) in provisions	13.19	35.63
	(Increase) / decrease in loans	11.20	(206.01)
	(Increase) / decrease in trade receivables	(18.14)	0.64
	(Increase) / decrease in other financial assets	54.34	(47.25)
	(Increase) / decrease in other non-financial assets	(81.55)	(80.66)
	Interest received	6,194.23	6,555.41
	Interest paid on debt securities	(1,479.50)	(1,608.24)
	Interest paid on borrowings (other than debt securities)	(1,791.85)	(2,403.26)
	Net cash generated from operations	**2,272.30**	**1,726.94**
	Taxes paid (including tax deducted at source)	(304.22)	(202.39)
	Net cash generated from operating activities	**1,968.08**	**1,524.55**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(394.93)	(207.80)
	Purchase of other intangible assets	(54.66)	(87.19)
	Sale of property, plant and equipment	63.86	25.20
	Proceeds from sale of investments	2,920.79	247.91
	Purchase of investments	(4,334.66)	(1,232.35)
	Net cash used in investing activities	**(1,799.60)**	**(1,254.23)**
C.	**Cash flow from financing activities**		
	Debt securities issued	6,449.34	15,223.43
	Debt securities repaid	(4,800.00)	(18,076.56)
	Borrowings other than debt securities received	42,392.12	36,550.32
	Borrowings other than debt securities repaid	(43,141.12)	(37,631.78)
	Payment of lease Liability	(52.05)	(52.97)
	Interest paid on Lease Liability	(4.83)	(7.98)
	Net cash generated from / (used in) financing activities	**843.46**	**(3,995.54)**
	Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**1,011.94**	**(3,725.22)**
	Cash and cash equivalents, beginning of the year (refer below)	**1,563.34**	**5,288.56**
	Cash and cash equivalents, end of the year (refer below)	**2,575.28**	**1,563.34**

Cash and cash equivalents comprise of:			
Cash on hand	(refer note 3)	0.00	0.00
Balances with banks			
In current accounts	(refer note 3)	246.83	253.21
Demand deposits (less than 3 months maturity)	(refer note 3)	2,328.45	1,310.13
TOTAL		**2,575.28**	**1,563.34**

*The absolute balance of cash on hand is INR 624.

Toyota Financial Services India Limited
Statement of cash flow for the year ended 31 March 2022

Notes to the statement of cash flow (continued) :

1) Changes in liabilities arising from financing activities-

(Amounts are in INR Million)

Particulars	**Debt Securities**	**Borrowings (other than debt securities)**	**Lease Liabilities**
Balance as at the beginning of the year	23,412.45	33,647.09	114.86
Cash flows	1,811.38	(790.79)	(55.28)
Non cash changes-			
Acquisition	-	-	-
Foreign exchange movement	-	560.48	-
Fair value change			
Balance as at the end of the year	**25,223.83**	**33,416.78**	**59.78**

2) Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3) The above statement of cash flow has been prepared under the indirect method set out in IND AS 7 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.

4) Figures in bracket indicate cash outflow.

Significant accounting policies	2
Notes to the financial statements	3 - 59

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

For and on behalf of the Board of Directors of
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Company Secretary
Membership No. F9087

Bangalore
23 May 2022

Mumbai
23 May 2022

TOYOTA FINANCIAL SERVICES INDIA LIMITED
Notes to the financial statements for the year ended 31 March 2022

1. Company Overview

1.1 Reporting Entity

Toyota Financial Services India Limited was incorporated on May 20, 2011 under the Companies Act, 1956 and is a wholly-owned subsidiary of Toyota Financial Services Corporation, Japan, the ultimate holding Company being Toyota Motors Corporation, Japan. The Company has its registered office in Bengaluru, India. The Company has been set up to undertake auto financing business and related activities in India. The Company received certificate of registration from the Reserve Bank of India (RBI) to commence operations as Non-Banking Finance Company on May 2, 2012. During the year ended March 31, 2016 RBI has amended the certificate of registration and has classified the company as Non-Deposit taking Non-Banking Finance Company - Asset Finance Company (now Investment and Credit Company i.e. NBFC-ICC) with effect from November 13, 2015.

1.2 Statement of Compliance, basis of preparation and presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') and Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the act and guidelines issued by Reserve Bank of India for Non-Banking Finance Companies.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements have been reviewed by the Audit Committee and approved by the Board of Directors and authorised for issue on 23 May 2022.

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows.

1.3 Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts are rounded off to the nearest millions, unless otherwise indicated.

1.4 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Defined benefit obligation. (refer note 40)
ii) Derivative financial instruments. (refer note 42)

Historical cost is generally the amount of cash or cash equivalents paid or the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

1.5 Significant areas of estimation, critical judgments and assumptions in applying accounting policies

The preparation of financial statements in accordance with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of the changes in circumstances surrounding the estimates. Any changes in the accounting estimates are reflected in the period in which such change in circumstances are made and, if material their effect are disclosed in the notes to the financial statements.

The key estimates and assumptions used in preparation of financial statements are;

i. Expected credit loss 'ECL' on loans

ECL allowances represent management's best estimate of losses incurred in the loan portfolios at the Balance Sheet date. Management is required to exercise judgment in making assumptions and estimates when calculating loan ECL allowances on both individually and collectively assessed loans and advances. Collective ECL allowances are subject to estimation uncertainty, in part because it is not practicable to identify losses on an individual loan basis due to the large number of individually insignificant loans in the portfolio. The estimation methods include the use of statistical analyses of historical information, supplemented with significant management judgment, to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than historical experience and reasonable and supportable forward-looking information.

For individually assessed loans, judgment is required in determining whether there is objective evidence that a loss event has occurred and, if so, the measurement of the ECL allowance. In determining whether there is objective evidence that a loss event has occurred, judgment is exercised in evaluating all relevant information on indicators of impairment, including the consideration of whether payments are contractually past-due and the consideration of other factors indicating deterioration in the financial condition and outlook of borrowers affecting their ability to pay. For those loans where objective evidence of impairment exists, management determine the size of the allowance required based on a range of factors such as the realizable value of security, the likely dividend available on liquidation or bankruptcy, the viability of the customer's business model and the capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations.

Where collectively assessed loan portfolios include significant levels of loan forbearance, portfolios are segmented to reflect the different credit risk characteristics of forbearance cases, and estimates are made of the incurred losses inherent within each forbearance portfolio segment.

The exercise of judgment requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas.

ii. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items.

iii. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized.

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Use of assumptions is also made by the Company for assessing whether an asset may be capitalized and which components of the cost of the asset may be capitalized.

iv. Amortized cost of loans

The Company has considered directly attributable and incremental fees associated with origination of loans. Such fees have been amortized using the Effective Interest Rate (EIR) method over the actual contractual life.

v. Provisions

Judgment is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Professional expert advice is taken on the assessment of litigation, property (including onerous contracts) and similar obligations, if required. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgment than other types of provisions. When matters are at an early stage, accounting judgments can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognized, revising previous judgments and estimates as appropriate. At more advanced stages, it is typically easier to make judgments and estimates around a better defined set of possible outcomes. However, the amount provisioned can remain very sensitive to the assumptions used. There could be a wide range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result, it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved. Provisions for customer remediation also require significant levels of estimation and judgment.

vi. Recognition of deferred tax assets

A deferred tax asset is recognized for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profits will be available while recognizing deferred tax assets.

vii. Measurement of defined benefits obligation

The key actuarial assumptions in measurement of defined benefits obligation refer note 40.

viii. Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

2. Significant accounting policies

The Company has applied the following accounting policies to all periods presented in these financial statements.

i. Revenue recognition

Interest income from financial assets is recognized on an accrual basis using effective interest rate (EIR) method. Interest revenue continues to be recognized at the original effective interest rate applied on the gross carrying amount for assets falling under impairment stages 1 and 2 as against on net amortized cost for the assets falling under impairment stage 3.

Processing fees, subvention income and commission expenses that are integral to the effective interest rate on a financial asset are included in the effective interest rate.

Other fees and commission income are recognized as the related services are performed. All other fees are recognized as the related services are performed.

Recovery from bad debts written off is recognized on actual realization from customers.

For revenue recognition from leasing transactions of the Company, refer Note 2 (vii) on Leases below.

Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate.

Dividend is recognized when the right to receive the dividend is established.

Net gain on fair value change - Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognized as an unrealized gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognized in “Net gains or fair value changes” under revenue from operations and if there is a net loss the same is disclosed “Expenses”, in the statement of profit and loss.

ii. Finance Cost

Finance costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Interest expense on financial liabilities is recognized on an accrual basis using effective interest rate (EIR) method.

Arranger fees, stamp duty charges and other fees that are integral to the effective interest rate on a liability are included in the effective interest rate.

Other fees and expenses such are recognized as and when they are incurred.

iii. Financial assets and liabilities

a. Financial assets

Initial recognition and measurement

Except for an item at fair value through profit or loss (FVTPL), all financial assets are recognized initially at fair value plus or minus transaction costs that are directly attributable and incremental to the origination/acquisition of the financial asset.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest outstanding on the principal amount outstanding (SPPI).

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit or Loss. The losses if any, arising from impairment are recognized in the Statement of Profit or Loss.

Financial asset at fair value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. When the financial asset is derecognized the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial asset at fair value through profit and loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

In addition, the Company may also elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is done only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

Classification and subsequent measurement

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

b. Financial liabilities

Initial recognition and measurement

Except for an item at fair value through profit or loss (FVTPL), all financial liabilities are recognized initially at fair value plus or minus transaction costs that are directly attributable and incremental to the issue of the financial liabilities.

Subsequent measurement

All financial liabilities are subsequently measured at amortized cost except for financial liabilities at FVTPL. Such liabilities including derivatives that are liabilities are subsequently measured at fair value.

c. Impairment of financial instruments

Methodology for computation of Expected Credit Losses ‘ECL’

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL*:

- Loans;

*refer note 43 for the credit risk assessment of the Company for trade receivables, investments and other financial assets.

The Company measures loss allowances at an amount equal to 12-month expected credit losses unless the credit risk on a financial instrument has increased significantly since initial recognition, for which the Company measures the loss allowances at an amount equal to life time expected credit losses.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that are possible within 12 months after the reporting date;

- financial assets with significant increase in credit risk but not credit impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that result from all possible default events over the expected life of the financial asset.

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- Undrawn loan limits are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

- In measurement of its ECL, the Company considers the prudential floor for ECL as mentioned in the directions issued by Reserve Bank of India.

For credit-impaired assets under the non-retail portfolio the management keeps specific provision for expected credit loss based on a case to case assessment considering value of the collateral held as security and other relevant information pertaining to the case.

Significant Increase in credit risk (SICR)

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information such as financial condition, market position, business environment and quality management of the borrower and analysis, based on Company's historical experience and expert credit assessment and including forward-looking information.

Evidence of SICR which lead to the movement of an asset to Stage 2 are as follows:

- Any counterparty with principal or interest payments 30+ days past due.
- Any significant downgrade in the internal ratings of the counterparty.
- Any customer segment collectively assessed to have SICR based on management discretion.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as default or past due events;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is enough evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is 91 days past due or more is also considered as credit-impaired.

Presentation of ECL allowance in balance sheet

Loss allowance for ECL on financial assets measured at amortized cost is presented as a deduction from the gross carrying amount of the asset, in the balance sheet.

Write off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

d. De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

– The rights to receive cash flows from the asset have expired, or

– The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in Statement of Profit or Loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

e. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income using EIR method.

Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit or loss.

f. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on net basis or to realize the asset and settle the liability simultaneously.

g. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Derivative Financial Instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. The derivatives held by the Company are cross currency interest rate swaps. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognized in the statement of profit and loss immediately. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

iv. Employee benefits

i. Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Post-employment benefits

a. Defined Contribution Plans

The Company's contribution paid/ payable during the year towards provident fund is charged to Statement of Profit and Loss every year. In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount on a monthly basis at a determined rate to the pension scheme administered by the Regional Provident Fund Commission ("RPFC") and the Company has no liability for future Provident Fund benefits other than its annual contribution, since it is a defined contribution plan.

b. Defined Benefit Plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Gratuity and Leave benefits to employees are defined benefit obligations. The cost of providing benefits is determined annually by a qualified actuary using the projected unit credit method. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurement of all defined benefit plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income in the year they are incurred.

v. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Advances paid towards the acquisition of Property Plant and Equipment (PPE) outstanding at each balance sheet date are disclosed separately under other non-financial assets.

Capital Work in Progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within the statement of profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in Statement of profit or loss. Assets acquired on lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Classes of assets	Useful life (Years) as per Schedule II
Leasehold improvements	The shorter of useful life or tenor of underlying lease.
Office equipment	5
Furniture and fixtures	10
Vehicles- office	8
Vehicles- lease	The tenor of underlying lease (refer note 11).
Computers (other than servers and networks)	3
Servers and networks	6

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation on additions /disposals is provided on a pro-rata basis i.e. from / up to the date on which asset is ready for use /disposed of.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

vi. Intangibles

Intangible assets other than goodwill are measured at cost less accumulated amortization and any impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate that the product is technically feasible, its intention and ability to complete the development and use the intangible in the manner that will generate future economic benefits, and can reliably measure the cost to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of profit or loss as incurred.

Software is amortized on a straight-line method in Statement of profit and loss over its estimated useful life, from the date on which it is available for use.

Intangibles under development represents the cost of intangibles that are not ready for its intended use at the reporting date.

Intangibles

The estimated useful life of software for the current and comparative periods:

Asset	Useful life (Years) as per Schedule II
Computer Software	5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

vii. Leases

(i) The Company as Lessee

The Company lease asset classes primarily consist of leases for buildings and Data Center.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether-

(i) the contract involves the use of an identified asset
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Company has the right to direct the use of the asset.

This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognise the lease payments associated with these leases as an expense over the lease term.

(ii) The Company as lessor-

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

viii. Impairment (non-financial asset)

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in statement of profit or loss, when the carrying value of an asset or cash generating unit (‘CGU’) exceeds the estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ix. Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions or at the average rate if such rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in Statement of profit or loss.

Borrowing transactions in currencies other than the Company’s functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

x. Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

(i) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(ii) Contingencies related to claims, litigation, etc.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would berequired to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may arise from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.
Contingent assets are neither recognised nor disclosed in the financial statements.

xi. Income taxes

Income tax expense comprises current and deferred tax. It is recognized in statement of profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

a. Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognized amounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and its tax base.

Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. The effect of changes in the tax rates on deferred tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

xii. Goods and services tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits. Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xiii. Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

xiv. Cash and cash equivalent

Cash and cash equivalents include cash on hand, balance with bank and fixed deposits with banks with original maturity of three months or less, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost in the balance sheet.

xv. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

xvi. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

xvii. Collateral valuation and repossession

To mitigate its credit risk on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as guarantees, land and building, receivables, inventories.

To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Non-financial collateral, such as land and building, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices. The Company physically repossess mortgaged and the hypothecated assets and take into custody or liquidates the assets to settle outstanding debt. Any surplus funds are returned to the customers/ obligors.

xviii. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses whose results are regularly reviewed by the Company's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

xix. Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and there is no impact on its financial statements.

Annual Improvements to Ind AS (2021) are effective for the periods beginning on or after 1 April 2022. The Company has evaluated the amendment and there is no material impact on its financial statements.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars	31 March 2022	31 March 2021
3	**Cash and cash equivalents**		
	Cash on hand*	0.00	0.00
	Balances with banks in current accounts	246.83	253.21
	Bank deposits (with original maturity less than 3 months)	2,328.45	1,310.13
		2,575.28	**1,563.34**

*The absolute balance of Cash on hand is INR 624.

	Particulars	31 March 2022			31 March 2021		
		Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
4	**Derivative financial instruments**						
	Part I						
	(i)Currency and interest derivatives:						
	Cross currency interest rate swaps	16,854.71	659.86	35.20	14,324.20	104.43	144.11
	Total Cross currency interest rate swaps	**16,854.71**	**659.86**	**35.20**	**14,324.20**	**104.43**	**144.11**
	Part II						
	Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
	(i)Undesignated derivatives	16,854.71	659.86	35.20	14,324.20	104.43	144.11
	Total Derivative	**16,854.71**	**659.86**	**35.20**	**14,324.20**	**104.43**	**144.11**

The above table shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

The Company has borrowed floating and fixed rate foreign currency External Commercial borrowings and used derivative instruments to manage exposures to interest rate risk and currency risk. The Company recognizes and measures these derivative instruments at fair value, with changes in fair value being recognised in the statement of profit and loss.

The Company exposure to currency and interest rate risk are disclosed in note no. 43

	Particulars	31 March 2022	31 March 2021
5	**Trade receivables**		
	Receivables considered good - secured	-	-
	Receivables considered good - unsecured*	22.56	4.42
	Less : Impairment loss allowance	-	-
		22.56	**4.42**

* Includes due from related parties (refer note no. 39)

No trade receivable is due from Directors or other officer of the company either severally or jointly with any other person. Trade receivables due from firm or private companies respectively in which any Director is a partner or Director or a member is disclosed in note 39.

There are no trade receivables which are under dispute.

Ageing of trade receivables :

Particulars	31 March 2022							
	Outstanding for following periods from the transaction date							
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
Receivables considered good - unsecured	-	17.05	5.46	0.05	-	-	-	22.56
Less : Impairment loss allowance	-	-	-	-	-	-	-	-
Total	**-**	**17.05**	**5.46**	**0.05**	**-**	**-**	**-**	**22.56**

Particulars	31 March 2021							
	Outstanding for following periods from the transaction date							
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
Receivables considered good - unsecured	-	1.53	2.48	0.41	-	-	-	4.42
Less : Impairment loss allowance	-	-	-	-	-	-	-	-
Total	**-**	**1.53**	**2.48**	**0.41**	**-**	**-**	**-**	**4.42**

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars	31 March 2022	31 March 2021
6	**Loans** (at amortised cost)		
	(A)		
	(i) Term loans	66,790.22	66,262.69
	(ii) Inventory financing	3,988.93	5,157.09
	Total (A) - Gross	**70,779.15**	**71,419.78**
	Less: Impairment loss allowance	(3,226.36)	(3,209.97)
	Total (A) - Net	**67,552.79**	**68,209.81**
	(B)		
	(i) Secured by tangible assets	70,729.15	71,363.86
	(ii) Covered by bank/ government guarantee	50.00	55.92
	(iii) Unsecured	-	-
	Total (B) - Gross	**70,779.15**	**71,419.78**
	Less: Impairment loss allowance	(3,226.36)	(3,209.97)
	Total (B) - Net	**67,552.79**	**68,209.81**
	(C)		
	(I) Loans in India		
	(i) Public sector	-	-
	(ii) Automobile financing*	70,779.15	71,419.78
	Total (C) - Gross	**70,779.15**	**71,419.78**
	Less: Impairment loss allowance	(3,226.36)	(3,209.97)
	Total (C) (I) -Net	**67,552.79**	**68,209.81**
	(II) Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total (C) (II) -Net	**-**	**-**
	Total (C) (I) and (C) (II)	**67,552.79**	**68,209.81**
	*Includes auto dealer financing		
	The Company exposure to credit risk and interest rate risk are disclosed in note no. 43		
7	**Investments** (at amortised cost)		
	In India		
	Government securities	2,419.40	989.15
	Gross Investments	**2,419.40**	**989.15**
	Less: Impairment loss allowance	-	-
	Net Investments	**2,419.40**	**989.15**
	The Company exposure to credit risk and interest rate risk are disclosed in note no. 43		
8	**Other financial assets**		
	Unsecured, considered good		
	Rental deposits	38.51	38.88
	Loans to employees	0.79	0.49
	Insurance deposit	-	0.40
	Other financial assets	0.02	53.89
		39.32	**93.66**
	The Company exposure to credit risk are disclosed in note no. 43		
9	**Current tax assets (net)**		
	Considered good		
	Advance tax and tax deducted at source (net of provision)	133.82	99.03
		133.82	**99.03**

10 Deferred tax assets (net) and tax expense (Amounts are in INR Million)

Particulars	31 March 2022	31 March 2021
Deferred tax asset		
- On provisions for impairment loss	757.37	752.99
- On mark to market interest rate swap	58.93	85.06
- On provision for compensated absences	8.14	6.11
- On provision for interest on interest	-	5.01
- On provision for provident fund liability	4.85	4.85
- On provisions for undisbursed commitments	2.20	4.57
- On lease liability over right of use	3.80	4.52
- On depreciation	-	0.23
- On remeasurements of the defined benefit plans	0.62	-
- On others	1.04	0.68
Deferred tax liabilities		
- On depreciation	(2.95)	-
- On EIR of retail and INF assets	(97.17)	(74.26)
- On debenture and commercial paper issue expenses	(3.03)	(6.69)
- On remeasurements of the defined benefit plans	-	(0.48)
Deferred tax assets (net)	**733.80**	**782.59**
Movement in net deferred tax asset during the year	**(48.79)**	**186.52**

Particulars	31 March 2022		31 March 2021	
	Recognized in profit or loss	Recognized in OCI	Recognized in profit or loss	Recognized in OCI
- On provisions for impairment loss	4.38	-	190.98	-
- On mark to market interest rate swap	(26.13)	-	(4.57)	-
- On provision for compensated absences	2.03	-	1.71	-
- On provision for interest on interest	(5.01)	-	5.01	-
- On provision for provident fund liability	-	-	0.01	-
- On provisions for undisbursed commitments	(2.37)	-	(6.44)	-
- On lease liability over right of use	(0.72)	-	0.15	-
- On depreciation	(3.18)	-	(4.11)	-
- On EIR of retail and INF assets	(22.91)	-	2.95	-
- On debenture and commercial paper issue expenses	3.66	-	1.86	-
- On remeasurements of the defined benefit plans	-	1.10	-	(0.57)
- On others	0.36	-	(0.46)	-
Movement in net deferred tax asset during the year	**(49.89)**	**1.10**	**187.09**	**(0.57)**

A. **Amounts recognized in statement of profit and loss**	**31 March 2022**	**31 March 2021**
Current tax expense		
In respect of current year	240.61	365.95
In respect of prior years*	-	30.82
	240.61	**396.77**
Deferred tax expense		
Origination and reversal of temporary differences arisen in current year	49.89	(157.90)
In respect of prior years*	-	(29.19)
	49.89	**(187.09)**
Tax expense recognized in the statement of profit & loss	**290.50**	**209.68**

B. **Amounts recognized in other comprehensive income**	**31 March 2022**	**31 March 2021**
Income tax relating to items that will not be reclassified to profit or		
Remeasurements of defined benefit liability (asset)	1.10	(0.57)
Tax expense recognised in Other comprehensive income	**1.10**	**(0.57)**

C. **Reconciliation of effective tax rate**	**31 March 2022**	**31 March 2021**
Profit / (loss) before tax	**1,131.51**	**731.16**
Enacted income tax rate in India	**25.17%**	**25.17%**
Computed expected tax expense	284.80	184.03
Tax effect of:		
Non-deductible expenses	24.20	24.89
Tax effect of earlier years	-	1.63
Others	(18.50)	(0.87)
Total income tax expense	**290.50**	**209.68**

*This represents the impact on current tax and deferred tax on account of revision of income tax return made with respect to FY 2017-2018 and FY 2018-2019.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

11 Property, Plant and Equipment

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2021	Additions	Deductions	Balance as at 31 March 2022	Balance as at 01 April 2021	Charge for the year	Deductions	Balance as at 31 March 2022	Balance as at 31 March 2022	Balance as at 31 March 2021
Leasehold improvements	15.26	-	-	15.26	6.44	2.64	-	9.08	6.18	8.82
Computers & servers	55.37	14.44	1.02	68.79	40.13	11.35	1.02	50.46	18.33	15.24
Furniture and fixtures	12.28	-	-	12.28	6.14	1.36	-	7.50	4.78	6.14
Vehicles	17.86	-	-	17.86	3.15	2.24	-	5.39	12.47	14.71
Office equipment	7.45	0.86	-	8.31	5.55	1.01	-	6.56	1.75	1.90
Leased vehicles*	241.23	379.63	98.71	522.15	21.44	138.08	36.40	123.12	399.03	219.79
TOTAL	**349.45**	**394.93**	**99.73**	**644.65**	**82.85**	**156.68**	**37.42**	**202.11**	**442.54**	**266.60**

The Company has claimed INR 4.28 million from insurance company on leased vehicle during the year out of which the Company has received INR 1 million till 31 March 2022 and balance received subsequently .

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2020	Additions	Deductions	Balance as at 31 March 2021	Balance as at 01 April 2020	Charge for the year	Deductions	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 31 March 2020
Leasehold Improvements	21.89	-	6.63	15.26	10.43	2.64	6.63	6.44	8.82	11.46
Computers & servers	44.76	10.73	0.12	55.37	31.08	9.13	0.08	40.13	15.24	13.68
Furniture and fixtures	16.22	-	3.94	12.28	8.34	1.74	3.94	6.14	6.14	7.88
Vehicles	13.10	4.76	-	17.86	1.41	1.74	-	3.15	14.71	11.69
Office equipment	8.98	0.15	1.68	7.45	5.79	1.44	1.68	5.55	1.90	3.19
Leased vehicles*	97.84	192.16	48.77	241.23	13.74	20.52	12.82	21.44	219.79	84.10
TOTAL	**202.79**	**207.80**	**61.14**	**349.45**	**70.79**	**37.21**	**25.15**	**82.85**	**266.60**	**132.00**

*Refer note 37

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

12 Other Intangible assets and intangible assets under development

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2021	Additions	Deductions	Balance as at 31 March 2022	Balance as at 01 April 2021	Charge for the year	Deductions	Balance as at 31 March 2022	Balance as at 31 March 2022	Balance as at 31 March 2021
Computer software	114.45	129.07	-	243.52	54.52	23.92	-	78.44	165.08	59.93
Other intangible assets	**114.45**	**129.07**	**-**	**243.52**	**54.52**	**23.92**	**-**	**78.44**	**165.08**	**59.93**
Intangible assets under development	**91.64**								**17.23**	**91.64**

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2020	Additions	Deductions	Balance as at 31 March 2021	Balance as at 01 April 2020	Charge for the year	Deductions	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 31 March 2020
Computer software	82.98	31.47	-	114.45	38.78	15.74	-	54.52	59.93	44.20
Other intangible assets	**82.98**	**31.47**	**-**	**114.45**	**38.78**	**15.74**	**-**	**54.52**	**59.93**	**44.20**
Intangible assets under development	**35.92**								**91.64**	**35.92**

For details of contractual commitments, refer note 35

a) Ageing of intangible assets under development

Particulars	31 March 2022					31 March 2021				
	Amounts in intangible assets under development for					Amounts in intangible assets under development for				
	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
(i) Projects in progress	13.41	3.82	-	-	**17.23**	82.35	7.15	2.14	-	**91.64**
(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	**13.41**	**3.82**	**-**	**-**	**17.23**	**82.35**	**7.15**	**2.14**	**-**	**91.64**

b) Completion schedule for intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	31 March 2022					31 March 2021				
	To be completed in					To be completed in				
	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
(i) Projects in progress										
Management information system	10.56	-	-	-	**10.56**	-	-	-	-	-
Operating lease system	-	-	-	-	-	-	74.25	-	-	**74.25**
Lending system	-	-	-	-	-	-	7.04	-	-	**7.04**
Payments, collection and reconciliation system	-	-	-	-	-	-	3.85	-	-	**3.85**
(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	**10.56**	**-**	**-**	**-**	**10.56**	**-**	**85.14**	**-**	**-**	**85.14**

13 Right-of-use assets

Particulars	31 March 2022			31 March 2021		
	Office Premises	Data Center	Total	Office Premises	Data Center	Total
Balance as at the beginning of the year	100.56	7.73	108.29	77.99	15.46	93.45
Add: Additions during the year	-	-	-	70.93	-	70.93
Less: Deductions during the year	2.97	-	2.97	-	-	-
Less: Depreciation charge for the year	43.81	7.73	51.54	48.36	7.73	56.09
Balance as at the end of the year	**53.78**	**-**	**53.78**	**100.56**	**7.73**	**108.29**

Refer Note 37

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars		31 March 2022	31 March 2021
14	**Other non-financial assets**			
	Balances with government authorities (goods and service tax)		178.70	110.51
	Prepaid expenses		48.36	23.16
	Advance payment to vendors		9.73	12.16
	Capital advances		4.96	11.82
	Stamp and stamp papers on hand		3.70	5.94
	Advance payment to employees		0.68	0.36
	Repossessed assets (at realisable value)*		-	0.60
	Other advances		-	0.04
			246.13	**164.59**

* Represents assets repossessed prior to 01st April 2017 and continued to be derecognized as business assets.

	Particulars		31 March 2022	31 March 2021
15	**Trade payables**			
	- Total outstanding dues of micro, small and medium enterprises	**(A)**	26.10	5.94
	- Total outstanding dues of creditors other than micro, small and medium enterprises			
	- Payable to dealers		786.05	468.74
	- Others		454.51	473.97
		(B)	**1,240.56**	**942.71**
	Total	**(A+B)**	**1,266.66**	**948.65**

The Company exposure to currency and liquidity risk are disclosed in note no. 43

a) Ageing of trade payables :

Particulars	31 March 2022							
	Outstanding for following periods from the transaction date							
	Unbilled	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1- 2 years**	**2 - 3 years**	**more than 3 years**	**Total**
Undisputed trade payables								
Micro, small and medium enterprises	25.54	-	0.56	-	-	-	-	**26.10**
Others	165.40	-	910.91	15.41	30.39	31.53	86.92	**1,240.56**
Total	**190.94**	**-**	**911.47**	**15.41**	**30.39**	**31.53**	**86.92**	**1,266.66**

Particulars	31 March 2021							
	Outstanding for following periods from the transaction date							
	Unbilled	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1- 2 years**	**2 - 3 years**	**more than 3 years**	**Total**
Undisputed trade payables								
Micro, small and medium enterprises	-	-	5.94	-	-	-	-	**5.94**
Others	193.17	-	614.44	10.14	34.02	52.22	38.72	**942.71**
Total	**193.17**	**-**	**620.38**	**10.14**	**34.02**	**52.22**	**38.72**	**948.65**

b) Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the financial statements based on information received and available with the Company. Further in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	31 March 2022	31 March 2021
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	26.10	5.94
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	0.44	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	0.25
The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.28	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.28	0.44

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars	31 March 2022	31 March 2021
16	**Debt Securities** (at amortised cost)		
	Non convertible debentures (Secured)	20,088.11	16,224.17
	INR denominated ECB bond (Unsecured)	3,646.17	7,188.28
	Commercial paper (Unsecured)	1,489.55	-
		25,223.83	**23,412.45**
	Debt securities in India	21,577.66	16,224.17
	Debt securities outside India	3,646.17	7,188.28
		25,223.83	**23,412.45**

The Company exposure to interest rate risk and liquidity risk are disclosed in note no.43

a) Schedule of repayment of privately placed redeemable non convertible debenture. (at amortised cost)

31 March 2022

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.76 - 5.75	3,310.94	10,386.84	-	**13,697.78**
5.76 - 6.75	1,846.64	4,543.69	-	**6,390.33**
	5,157.58	**14,930.53**	-	**20,088.11**

31 March 2021

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.76 - 5.75	-	11,610.18	-	**11,610.18**
6.76 - 7.75	-	3,346.88	-	**3,346.88**
7.76 - 8.75	1,267.11	-	-	**1,267.11**
	1,267.11	**14,957.06**	-	**16,224.17**

The secured, redeemable, non-convertible debentures ('NCDs') of the Company - both listed as well as unlisted are secured through first ranking exclusive charge by way of hypothecation over the loan receivables. Asset cover available as on 31 March 2022 of the non-convertible debentures issued by the Company is 1.1. The listed NCDs issued by the Company are listed on the National Stock Exchange (NSE).

The company has power to reissue non convertible debentures as per applicable law and in line with terms & conditions of respective Debenture Trust Deeds.

b) Schedule of repayment of INR denominated external commercial borrowing (ECB) Bond* (at amortised cost)

31 March 2022

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
6.50 - 7.50	3,646.17	-	-	**3,646.17**

*Privately placed, unsecured, unlisted, unrated.

31 March 2021

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
6.50 - 7.50	3,543.20	3,645.08	-	**7,188.28**

*Privately placed, unsecured, unlisted, unrated.

c) Schedule of repayment of Commercial Paper (at amortised cost)

Particulars	31 March 2022	31 March 2021
Commercial Paper	1,500.00	-
Less : unamortised Discount	10.45	-
	1,489.55	**-**

31 March 2022

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.00 - 5.00	1,489.55	-	-	**1,489.55**

	Particulars	31 March 2022	31 March 2021
17	**Borrowings (other than debt securities)** (at amortised cost)		
	(a) Term loans (unsecured)		
	(i) from banks	33,416.78	33,647.09
	(b) Loans repayable on demand (unsecured)		
	(i) from banks	-	-
		33,416.78	**33,647.09**
	Borrowings in India	12,051.07	17,642.06
	Borrowings outside India	21,365.71	16,005.03
		33,416.78	**33,647.09**

Borrowings (other than debt securities) include INR and foreign currency External Commercials Borrowings 'ECBs'. Foreign currency ECBs have been borrowed at floating / fixed rate and hedged using cross currency interest rate swap.

The Company exposure to interest rate risk and liquidity risk are disclosed in note no.43

All the above Term Loans, ECBs are repayable on bullet payment basis except the overdraft facilities which are repayable on demand.

a) Schedule of repayment of Term Loan (Unsecured - at amortised cost)

Particulars	31 March 2022		31 March 2021	
	In India	Outside India	In India	Outside India
0-1 years	6,400.62	13,011.46	13,774.25	1,240.27
1-3 years	5,650.45	8,354.25	3,867.81	14,764.76
	12,051.07	**21,365.71**	**17,642.06**	**16,005.03**

Interest rates range 3.95% p.a. to 7.65% p.a. (Interest rates range 3.96% p.a. to 8.95% p.a. 31 March 2021) for the borrowings outstanding as at 31 March 2022.

The Company utilises the funds for which it was raised except for temporary deployment of funds as part of treasury management.

The borrowings have not been guaranteed by directors or others. Also, the Company has not defaulted in repayment of principal and interest.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars	31 March 2022	31 March 2021
18	**Lease liabilities**		
	Balance as at the beginning of the year	114.86	100.49
	Add: Additions during the year	-	67.34
	Add: Interest charge for the year	4.83	7.98
	Less: Deductions during the year	3.03	-
	Less: Lease payment made during the year	56.88	60.95
	Balance as at the end of the year	**59.78**	**114.86**
	Refer Note 37		
19	**Other financial liabilities**		
	Earnest money deposit	3.03	4.54
	Provision for refund on interest on interest	-	19.91
	Other financial liabilities	0.39	-
		3.42	**24.45**
20	**Current tax liabilities (net)**		
	Provision for tax (net of advance tax and tax deducted at sources)	-	28.83
		-	**28.83**
21	**Provisions**		
	Provision for expected credit loss on undisbursed loan commitments	8.75	18.15
	Provision for leased assets	8.80	-
	Provision for employee benefits		
	- Bonus	71.03	62.74
	- Gratuity	4.99	3.75
	- Compensated absences	32.31	24.28
		125.88	**108.92**
22	**Other non- financial liabilities**		
	Statutory liabilities	49.00	64.83
		49.00	**64.83**

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million, except number of shares)

	Particulars	31 March 2022	31 March 2021
23	**Equity share capital**		
	Authorized equity shares		
	957,972,957 (31 March 2021: 957,972,957) Equity Shares of INR 10 each	9,579.73	9,579.73
		9,579.73	**9,579.73**
	Issued, subscribed and fully Paid up equity shares		
	957,972,957 (31 March 2021: 957,972,957) equity shares of INR 10 each	9,579.73	9,579.73
		9,579.73	**9,579.73**

(a) Reconciliation of number of shares	**31 March 2022**		**31 March 2021**	
Particulars	**No of shares**	**Amount**	**No of shares**	**Amount**
Balance at the beginning of the year				
Equity Shares	95,79,72,957	9,579.73	95,79,72,957	9,579.73
Add: Shares Issued during the year				
Equity Shares	-	-	-	-
Balance at the end of the year				
Equity Shares	95,79,72,957	9,579.73	95,79,72,957	9,579.73

During the year the Company has not issued any equity shares (Previous Year- Nil).

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the period of five years immediately preceding 31 March 2022, no shares have been bought back and no shares have been allotted as fully paid up by way of bonus shares or pursuant to contracts without payment being received in cash.

(c) Shares held by holding company and its nominees

Particulars	31 March 2022	31 March 2021
957,972,957 (31 March 2021: 957,972,957) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	9,579.73	9,579.73

(d) Details of shares held by shareholders holding more than 5% of aggregate shares in the company

Particulars	31 March 2022	31 March 2021
Equity Shares:		
Toyota Financial Services Corporation, Japan, the holding company	95,79,72,957	95,79,72,957
Percentage holding	100%	100%

(e) No shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

	Particulars	31 March 2022	31 March 2021
24	**Other equity**		
	Statutory reserve	604.71	436.51
	Security premium account	3,320.27	3,320.27
	Retained earnings	1,378.23	705.42
	Other comprehensive income	(1.90)	1.36
		5,301.31	**4,463.56**

For detailed movement of reserve refer statement of changes in equity.

Note :

Nature and purpose of reserves

1. Statutory reserve

In terms of Section 45-IC of the RBI Act, NBFCs are required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year. The above requirement is to give intrinsic strength to the balance sheets of the NFBCs. This reserve could be used for purposes as stipulated by the Reserve Bank of India from time to time.

2. Securities premium

Securities premium reserve is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

3. Retained earnings

Retained earnings are the profits that the company has earned to date, less any dividends or other distributions paid to shareholders.

4. Other comprehensive income (OCI)

Other Comprehensive Income refers to items of income and expenses that are not recognised as a part of the statement of profit and loss. However, the entity may transfer those amounts recognised in other comprehensive income within equity. Remeasurements of the net defined benefit is considered in other comprehensive income.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

(Amounts are in INR Million)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
25	**Interest income (on financial assets measured at amortised cost)**		
	Interest on loans	6,112.79	6,431.15
	Interest on deposits with banks	52.63	111.52
	Interest on investment	45.58	6.80
		6,211.00	**6,549.47**
26	**Net gain on fair value changes***		
	(A) Net gain on financial instruments at fair value through profit or loss		
	-Derivatives	103.87	18.17
		103.87	**18.17**
	(B) Fair value changes:		
	-Unrealised	103.87	18.17
		103.87	**18.17**
27	**Others**		
	Foreclosure charges	129.47	124.40
	Late payment charges	89.99	63.51
	Bounce charges	48.76	64.12
	Documentation charges	8.25	5.72
	Other charges	29.23	15.84
		305.70	**273.59**
28	**Other income**		
	Net gain on derecognition of property, plant and equipment	1.55	-
	Interest on income tax refund	-	15.58
	Miscellaneous income	0.43	2.26
		1.98	**17.84**
29	**Finance costs** (on financial liabilities measured at amortised cost)		
	Interest on debt securities	1,641.54	1,469.89
	Interest on borrowings (other than debt securities)**	1,750.06	2,411.41
	Interest on lease liability	4.62	7.98
	Other interest expense	3.70	0.97
		3,399.92	**3,890.25**
30	**Impairment on financial instruments**		
	(on financial assets measured at amortised cost)		
	Loans		
	- Loan loss provisioning	(5.55)	733.22
	- Bad debt written off (net of recoveries)	648.73	325.58
		643.18	**1,058.80**
31	**Employee benefit expenses**		
	Salaries and wages	520.66	457.42
	Contribution to Provident and other funds	23.85	19.05
	Gratuity	6.62	6.01
	Staff welfare expenses	18.36	15.99
		569.49	**498.47**

*The Company has borrowed floating and fixed rate foreign currency External Commercial borrowings and used derivative instruments to manage exposures to interest rate risk and currency risk. The Company recognizes and measures these derivative instruments at fair value, with changes in fair value being recognised in the statement of profit and loss. Net gain on fair value changes includes mark to market gain/loss on derivative instrument and translation gain/loss on conversion of ECB loan.

** Finance cost includes swap cost incurred on derivatives taken on foreign currency loans through cross currency interest rate swap.

Toyota Financial Services India Limited
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(Amounts are in INR Million)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
32	**Depreciation, amortisation and impairment**		
	Depreciation on property, plant and equipment	156.68	37.21
	Amortisation of intangible assets	23.92	15.74
	Depreciation on right-of-use assets	51.54	56.09
		232.14	**109.04**
33	**Other expenses**		
	Collection charges	366.68	255.93
	Information technology services	120.49	95.19
	Legal and professional charges	99.53	102.62
	Rent, taxes and energy costs	19.98	12.93
	Postage and courier	17.05	7.71
	Communication costs	16.30	15.86
	Travelling and conveyance	16.21	5.89
	Repairs and maintenance	11.25	10.55
	Printing and stationery	10.98	7.13
	Recruitment expenses	9.81	7.78
	Advertisement and publicity	9.11	3.25
	Expenditure towards corporate social responsibility (CSR) activities*	7.49	6.82
	Credit rating fees and other expenses	6.03	9.35
	Auditor's fees and expenses		
	as statutory auditor	5.20	6.03
	as tax auditor	0.25	0.27
	for other services	1.05	0.55
	for reimbursement of expenses	1.05	0.48
	Director's fees	0.76	0.87
	Net loss on derecognition of property, plant and equipment	-	10.78
	Conference expenses	-	0.94
	Net (gain) / loss on foreign currency transaction and translation (other than those considered as finance cost)	(0.01)	0.65
	Other expenditure	86.85	51.32
		806.06	**612.90**

Includes transactions with related parties refer note no. 39

*** Details of corporate social responsibility expenditure**

A CSR committee has been formed by the company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment.

a. Amount required to be spent by the Company during the year	7.49	6.82
b. Amount spent during the year on		
(i) Construction/acquisition of any asset	6.42	5.81
(ii) On purposes other than (i) above	1.07	1.01
c. Shortfall at the end of the year	-	-
d. Total of previous years shortfall	-	-
e. Reason for shortfall	Not applicable	Not applicable
f. Nature of CSR activities	The focus area of CSR initiatives undertaken by the Company are education, health and environment.	The focus area of CSR initiatives undertaken by the Company are education, health and environment.
g. Details of related party transactions	-	-
h. where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-

34 Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(Amounts are in INR Million, except per share data)

Earnings	**31 March 2022**	**31 March 2021**
Profit / (loss) for the year	841.01	521.48
Shares		
Basic outstanding shares	95,79,72,957	95,79,72,957
Effect of shares issued during the year	-	-
Weighted average number of shares for computing basic EPS	95,79,72,957	95,79,72,957
Earning per share		
Basic (in INR.)	0.88	0.54
Diluted (in INR.) *	0.88	0.54
Face value per share (INR)	10.00	10.00

* There are no dilutive shares issued by the Company as on 31 March 2022 and 31 March 2021.

35 Contingent liabilities and commitments (to the extent not provided for)

(Amounts are in INR Million)

Particulars	**31 March 2022**	**31 March 2021**
(i) Contingent liabilities:		
(a) Claims against the company not acknowledged as debt*		
Income tax matter under dispute for AY 2017-18	4.97	4.72
(b) Other money for which the company is contingently liable		
- Bank guarantee provided by Bank on behalf of the Company	2.50	2.50
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	13.76	21.82

* The amount included above represents best possible estimate arrived at on the basis of available information. The management believe that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

36 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Amounts are in INR Million)

	Assets	31 March 2022 Within 12 months	31 March 2022 After 12 months	31 March 2022 Total	31 March 2021 Within 12 months	31 March 2021 After 12 months	31 March 2021 Total
I	**Financial assets**						
(a)	Cash and cash equivalents	2,575.28	-	2,575.28	1,563.34	-	1,563.34
(b)	Derivative financial instruments	591.48	68.38	659.86	-	104.43	104.43
(c)	Trade receivables	22.56	-	22.56	4.42	-	4.42
(d)	Loans	26,991.72	40,561.07	67,552.79	28,165.37	40,044.44	68,209.81
(e)	Investments	2,419.40	-	2,419.40	989.15	-	989.15
(f)	Other financial assets	0.81	38.51	39.32	54.38	39.28	93.66
	Total financial assets	**32,601.25**	**40,667.96**	**73,269.21**	**30,776.66**	**40,188.15**	**70,964.81**
II	**Non-financial assets**						
(a)	Current tax assets (net)	-	133.82	133.82	-	99.03	99.03
(b)	Deferred tax assets (net)	-	733.80	733.80	-	782.59	782.59
(c)	Property, plant and equipment	-	442.54	442.54	-	266.60	266.60
(d)	Intangible assets under development	-	17.23	17.23	-	91.64	91.64
(e)	Other intangible assets	-	165.08	165.08	-	59.93	59.93
(f)	Right-of-use assets	-	53.78	53.78	-	108.29	108.29
(g)	Other non-financial assets	246.13	-	246.13	164.59	-	164.59
	Total non-financial assets	**246.13**	**1,546.25**	**1,792.38**	**164.59**	**1,408.08**	**1,572.67**
	Total Assets	**32,847.38**	**42,214.21**	**75,061.59**	**30,941.25**	**41,596.23**	**72,537.48**

	Liabilities and Equity	31 March 2022 Within 12 months	31 March 2022 After 12 months	31 March 2022 Total	31 March 2021 Within 12 months	31 March 2021 After 12 months	31 March 2021 Total
I	**Liabilities**						
i	**Financial liabilities**						
(a)	Derivative financial instruments	-	35.20	35.20	-	144.11	144.11
(b)	Payables						
	Trade payables	1,266.66	-	1,266.66	948.65	-	948.65
	(i) total outstanding dues of micro enterprises and small enterprises	26.10	-	26.10	5.94	-	5.94
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,240.56	-	1,240.56	942.71	-	942.71
(c)	Debt securities	10,289.37	14,934.46	25,223.83	5,178.08	18,234.37	23,412.45
(d)	Borrowings (other than debt securities)	19,466.47	13,950.31	33,416.78	15,174.59	18,472.50	33,647.09
(e)	Lease liabilities	47.43	12.35	59.78	53.92	60.94	114.86
(f)	Other financial liabilities	3.42	-	3.42	23.10	1.35	24.45
	Total financial liabilities	**31,073.35**	**28,932.32**	**60,005.67**	**21,378.34**	**36,913.27**	**58,291.61**
ii	**Non-financial liabilities**						
(a)	Current tax liabilities (net)	-	-	-	28.83	-	28.83
(b)	Provisions	125.88	-	125.88	105.17	3.75	108.92
(c)	Other non-financial liabilities	49.00	-	49.00	64.83	-	64.83
	Total non-financial liabilities	**174.88**	**-**	**174.88**	**198.83**	**3.75**	**202.58**
II	**Equity**						
(a)	Equity share capital	-	9,579.73	9,579.73	-	9,579.73	9,579.73
(b)	Other equity	-	5,301.31	5,301.31	-	4,463.56	4,463.56
	Total Equity	**-**	**14,881.04**	**14,881.04**	**-**	**14,043.29**	**14,043.29**
	Total Liabilities and Equity	**31,248.23**	**43,813.36**	**75,061.59**	**21,577.17**	**50,960.31**	**72,537.48**

37 Lease

In adopting Ind AS 116, the Company has applied the below practical expedients:
The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has discounted lease payments using the applicable incremental borrowing rate for measuring the lease liability.

The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".

A. Lease disclosures as Lessee

(Amounts are in INR Million)

Particulars	**31 March 2022**	**31 March 2021**
(a) The expense relating to short-term leases during the year	0.42	0.21
(b) The expense relating to leases of low-value assets during the year	0.11	0.11
(c) The expense relating to variable lease payments not included in the measurement of lease liabilitie	-	-
(d) Income from subleasing right-of-use assets	-	-
(e) Gains or losses arising from sale and leaseback transactions	-	-
(f) Depreciation charge for right-of-use assets	51.54	56.09
(g) Interest expense (included in finance cost)	4.83	7.98
(h) Future lease payments-		
within one year	49.36	59.21
after one year but not more than five years	12.46	63.28
more than five years	-	-
(i) Future lease payments for low-value assets -		
within one year	0.11	0.11
after one year but not more than five years	-	-
more than five years	-	-

B. Operating leases as Lessor

The Company has been financing vehicles under operating lease for which lease rentals are charged on a monthly basis from customers. Maturity analysis of undiscounted lease rentals is provided below.

Particulars	**31 March 2022**	**31 March 2021**
(a) Lease income recognised in the Statement of Profit and Loss during the year	155.73	39.36
(b) Future lease income-		
within one year	160.61	69.48
after one year but not more than five years	59.69	43.73
more than five years	-	-

The gross carrying amount, accumulated depreciation and net carrying amount of vehicles given on lease as at 31 March 2022 and 31 March 2021 are disclosed in note 11.

38 Segment reporting

The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

39 Related parties

A. Nature of relationship and names of related parties

(i) Ultimate Holding Company	Toyota Motor Corporation, Japan
(ii) Holding Company	Toyota Financial Services Corporation, Japan
(iii) Fellow Subsidiaries (parties under common control)	1. Toyota Kirloskar Motor Private Limited 2. Toyota Motor Credit Corporation 3. Toyota Motor Asia Pacific Pte Ltd 4. Toyota Daihatsu Engineering & Manufacturing Co. Ltd. 5. Toyota Tsusho Systems, Singapore 6. Toyota Tsusho Systems, Thailand 7. Toyota Tsusho Systems India Pvt Ltd
(iv) Key Management Personnel	Narayanaswamy Raja - Managing Director and CEO Manabu Ueno - Whole Time Director Anupam Vasdani - Chief Financial Officer Nithya Prabhu R - Company Secretary
(v) Directors	Ashok Rao Baswa - Independent Director (Resigned effective 13 August 2021) Asha Sampath - Independent Director (Retired effective 28 September 2021) Sunita Rajiv Handa - Independent Director (Appointed effective 10 September 2021) Masakazu Yoshimura - Non-Executive Director Hao Quoc Tien - Non-Executive Director

B. Transactions with key managerial personnel

i. Key managerial personnel compensation

Key managerial personnel compensation comprised of the following

(Amounts are in INR Million)

Particulars	31 March 2022	31 March 2021
Remuneration to Managing Director		
Short-term employee benefits	17.43	1.92
Remuneration to Whole time Director		
Short-term employee benefits*	25.56	27.25
Remuneration to Chief Financial Officer		
Short-term employee benefits	9.97	22.37
Remuneration to Company Secretary		
Short-term employee benefits	2.29	1.76
Remuneration to Non-Executive Director		
(i) Masakazu Yoshimura	-	-
(ii) Hao Quoc Tien	-	-
Directors sitting fees		
(i) Sunita Rajiv Handa	0.20	-
(ii) Asha Sampath	0.30	0.40
(iii) Ashok Rao Baswa	0.30	0.40

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Related parties (Continued)

ii. Other related parties transactions

The aggregate value of transactions and outstanding balances related to transactions with other related parties were as follows

(Amounts are in INR Million)

Particulars	31 March 2022	31 March 2021
Toyota Kirloskar Motor Private Limited		
(i) Expenses-		
Remuneration to managing director	-	17.56
Professional fees	11.12	20.89
Office rent	0.79	3.60
IT network communication	0.07	1.11
Training expenses	-	0.50
Others	0.47	-
(ii) Income-		
Incentive Fees**	46.91	11.00
Lease income	29.14	5.64
Professional fees	0.61	0.82
(iii) Capital advance	-	11.82
(iv) Security deposit	-	3.58
(v) Purchase of fixed asset	40.50	4.80
(vi) Sale of fixed asset	4.11	-
Toyota Financial Services Corporation		
Professional fees	1.64	1.47
Staff welfare	0.27	0.34
Training expenses	0.02	0.02
Others	0.40	-
Toyota Motor Credit Corporation		
Information technology services	1.34	1.10
Toyota Motor Asia Pacific Pte Ltd		
Professional fees	2.07	2.22
Information technology services	3.36	2.22
Toyota Daihatsu Engineering & Manufacturing Co. Ltd.		
Training expenses	0.41	-
Toyota Tsusho Systems, Singapore		
Information technology services	0.45	0.01
Toyota Tsusho Systems, Thailand		
Information technology services	5.05	5.05
Toyota Tsusho Systems India Pvt Ltd		
Information technology services	12.34	10.65
Outstanding Balances:		
Toyota Kirloskar Motor Private Ltd		
Trade receivables **	5.31	11.37
Trade payable	0.70	8.59
Capital advance	-	11.82
Security deposit	-	3.58
Toyota Financial Services Corporation		
Trade payable*	2.19	3.43
Toyota Motor Credit Corporation		
Trade payable	0.18	0.99
Toyota Motor Asia Pacific Pte Ltd		
Trade payable	2.42	2.37
Toyota Daihatsu Engineering & Manufacturing Co. Ltd.		
Trade payable	0.33	-
Toyota Tsusho Systems, Singapore		
Trade payable	-	-
Toyota Tsusho Systems, Thailand		
Trade payable	-	-
Toyota Tsusho Systems India Pvt Ltd		
Trade payable	-	-

* includes payment of expat home country salaries through Holding Company amounting to INR 10.85 Million (Previous year: 11.09 Millions).

** Based on incentive schemes entered into with Toyota Kirloskar Motors Private Limited ('TKM') during the current year incentive amounting to INR. 46.91 Millions (Previous Year INR. 11.00 Millions), were ascertained and recognized for the year ended 31 March 2022. An amount of INR. 2.98 Millions (including GST) (Previous Year INR. 10.22 Millions) was outstanding at the Balance sheet date.

All outstanding balances with these related parties are priced on arm's length basis. None of these balances are secured. No expenses have been recognized in the current year or prior year for bad and doubtful debts in respect of amounts owed by related parties. The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and the Companies Act, 2013.

The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on actuarial basis for the Company as a whole.

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40 Employee benefits

Defined contribution plan

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 22.36 millions (previous year INR 18.83 millions) for provident fund contributions and INR 0.13 millions (previous year INR 0.21 millions) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier. The benefits vest after five years of continuous service.

The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. The Company has taken a group gratuity policy with Life Insurance Corporation ('LIC') which is funded. Gratuity Fund is administered through LIC and is a recognised fund under the Income Tax Act, 1961. The Company accounts for gratuity based on an actuarial valuation which is carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. The adequacy of the accumulated fund balance available with LIC is compared with the gratuity liability as per the independent actuarial valuation at the year end and any shortfall, if any, is recognised in the financial statements.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amount recognised in the Company's financial statement as at the balance sheet date :

(Amounts are in INR Million)

	Particulars	31 March 2022	31 March 2021
A.	**Change in present value of obligations**		
	Present value of defined benefit obligation at the beginning of the year	28.80	24.60
	Current service cost	6.69	6.17
	Interest cost	1.70	1.35
	Remeasurements due to		
	Actuarial loss / (gain) arising from change in financial assumptions	2.64	(1.17)
	Actuarial loss / (gain) arising from change in demographic assumptions		-
	Actuarial loss / (gain) arising on account of experience changes	0.35	(0.98)
	Past service cost		
	Benefits paid	(1.58)	(1.17)
	Present value of defined benefit obligation at the end of the year	**38.60**	**28.80**
B.	**Change in the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	25.05	24.60
	Expected return on plan assets	1.77	1.51
	Remeasurements due to		
	actual return on plan assets less interest on plan asset	(1.37)	0.11
	Benefits paid	(1.58)	(1.17)
	Employer contributions	9.75	-
	Fair value of plan assets at the end of the year	**33.62**	**25.05**
C.	**Change in net defined liability**		
	Fair value of plan assets at the end of the year	33.62	25.05
	Present value of funded defined benefit obligation	(38.60)	(28.80)
	Net asset / (liability)	**(4.98)**	**(3.75)**
D.	**Expense recognized in the statement of profit and loss**		
	Current service cost	6.69	6.17
	Interest cost	1.70	1.35
	Interest income on plan assets	(1.77)	(1.51)
	Past Service Cost	-	-
	Net gratuity expense	**6.62**	**6.01**
E.	**Remeasurements recognized in the OCI**		
	- experience adjustments	0.35	(0.98)
	- actuarial assumptions	4.01	(1.28)
		4.36	**(2.26)**
F.	**Categories of plan assets**		
	Property	-	-
	Government Debt Instruments	-	-
	Other Debt Instruments	-	-
	Equity Instruments	-	-
	Insurer managed funds	33.62	25.05
	Others	-	-
G.	**Expected cash flows for the following year**		
	Expected total benefit payments		
	Year 1	3.81	2.97
	Year 2	4.38	3.50
	Year 3	5.26	4.06
	Year 4	6.16	4.93
	Year 5	8.40	5.82
	Above 5 Years	44.10	131.21

Employee benefits (continued)

H. Actuarial Assumptions

Particulars	31 March 2022	31 March 2021
Discount Rate	6.50%	6.10%
Salary escalation rate	9.50% for first 2 years and 10.00% thereafter	7.20% for first 2 years and 8.50% thereafter
Expected Return on plan assets	6.50%	7.50%
Attrition Rate - Age (Years)		
21-30	18.00%	18.00%
31-40	14.00%	14.00%
41-50	13.00%	13.00%
51-59	10.00%	10.00%
Mortality rate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk, Investment Risk, Liquidity Risk, Market risk and Legislative Risk. The weighted average duration of the defined benefit obligation was 6 years (31 March 2021: 6.00 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant
The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Expected contribution to the funds next year **(Amounts are in INR Million)**

Particulars	31 March 2022	31 March 2021
Gratuity Fund	4.98	3.75

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in weighted principal assumption are as below :

Gratuity

Particulars	31 March 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(1.37)	1.46	(1.00)	1.07
% change	-3.54%	3.78%	-3.47%	3.70%
Withdrawal rate (50 bps movement)	(0.33)	0.35	(0.21)	0.21
% change	-0.86%	0.90%	-0.70%	0.73%
Salary escalation rate (50 bps movement)	1.26	(1.22)	0.98	(0.94)
% change	3.27%	-3.15%	3.41%	-3.26%

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligations by 50 basis points, keeping all the other actuarial assumptions constant. Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

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41 Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business and meets the capital adequacy requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The funding requirements are met through equity, non convertible debentures, bank borrowings and other long-term/short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long-term borrowings. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics. No changes have been made to the objectives and policies of the capital management from the previous years. However, they are under constant review by the Board.

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, statutory reserve, retained earnings including current year loss, deduction of intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes. The other component of regulatory capital is Tier 2 Capital, which comprise of impairment provision in respect of standard assets (Stage-1). Capital ratio is worked out as under :

(Amounts are in INR Million)

Particulars	**31 March 2022**	**31 March 2021**
Common Equity Tier1 (CET1) capital	13,449.13	13,072.37
Tier 2 capital	490.24	468.10
Total Capital	13,939.37	13,540.47
Risk weighted assets	69,469.93	69,412.00
CET1 capital ratio	19.36%	18.83%
Total capital ratio	20.07%	19.51%

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42 Financial instruments-fair value and risk management

Accounting classification and fair values
The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy
This section explains the judgement and estimates made in determining fair value of the financial instruments that are:
a) recognised and measured at fair value and
b) measured at amortised cost and for which fair values are disclosed in the financial statements.
To provide an indication about the reliability of the inputs used in determining fair values, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial instruments measured at FVTPL for which fair values are disclosed
The table below presents information pertaining to the carrying amounts and fair values of financial instruments.

(Amounts are in INR Million)

Particulars	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
31 March 2022					
Financial assets					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	659.86	-	659.86	659.86
Financial liabilities					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	35.20	-	35.20	35.20
31 March 2021					
Financial assets					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	104.43	-	104.43	104.43
Financial liabilities					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	144.11	-	144.11	144.11

*The swaps are priced based on interbank swap curve quoted against the corresponding Libor tenor. Rupee cash flows are discounted using MIFOR curve.

Financial instruments measured at amortised cost for which fair values are disclosed
The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

(Amounts are in INR Million)

Particulars	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
31 March 2022					
Financial assets					
Cash and cash equivalents	2,575.28	-	-	2,575.28	2,575.28
Trade receivables	-	-	22.56	22.56	22.56
Loans	-	-	68,178.64	68,178.64	67,552.79
Investments	2,419.40	-	-	2,419.40	2,419.40
Other financial assets	-	-	39.32	39.32	39.32
Financial liabilities					
Trade Payables	-	-	1,266.66	1,266.66	1,266.66
Debt securities	-	20,155.51	5,135.72	25,291.23	25,223.83
Borrowings *	-	-	33,295.31	33,295.31	33,416.78
Lease Liabilities	-	-	59.78	59.78	59.78
Other financial liabilities	-	-	3.42	3.42	3.42
31 March 2021					
Financial assets					
Cash and cash equivalents	1,563.34	-	-	1,563.34	1,563.34
Trade receivables	-	-	4.42	4.42	4.42
Loans	-	-	68,545.53	68,545.53	68,209.81
Investments	988.95	-	-	988.95	989.15
Other financial assets	-	-	93.66	93.66	93.66
Financial liabilities					
Trade Payables	-	-	948.65	948.65	948.65
Debt securities	-	16,444.64	7,188.28	23,632.92	23,412.45
Borrowings **	-	-	33,650.44	33,650.44	33,647.09
Lease Liabilities	-	-	114.86	114.86	114.86
Other financial liabilities	-	-	24.45	24.45	24.45

** Floating rate loans - to be reset in 3m to 1yr. Hence, Fair valuation is similar to short term loan.
Fair value of other loans has been considered at incremental cost of borrowing as on 31 Mar each year

Financial instruments-fair value and risk management (continued)

Valuation Framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 : Inputs that are quoted at market prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instruments but do not qualify as Level 1 inputs, If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3, i.e. Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear the risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments valued at carrying value

The respective carrying values of certain assets and liabilities on Balance Sheet financial instruments approximate their fair value. These financial instruments include cash in hand, trade receivables, trade payables, lease liabilities and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivables or payables on demand.

Short-term financial assets and liabilities

Short-term financial assets and liabilities For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the fair value are a reasonable approximation of their carrying cost. Such instruments include: commercial papers and short term borrowings. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans

The fair values of loans and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represents the discounted value of the expected future cash flow. For floating rate interest loans, the discounted value of the expected cash flows represents the carrying amount of the loans.

Borrowing and Debt Securities

Non-convertible debentures have been valued based on Corporate bond spread matrix methodology prescribed by FIMMDA under "guidelines / clarification for valuation of investments".

The carrying amount of the ECB loan is considered to represent a reasonable approximation of the fair value as there are no comparable exit price available in the market to fair value the same. For floating rate borrowings, the discounted value of the expected cash flows represents the carrying amount of the borrowings. Other long term borrowings have been valued at exit price available as on 31 March each year.

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43 Financial Risk Management

The Company has exposure to the following risks from financial instruments:
- Credit risk
- Liquidity risk
- Market risk (currency risk, interest rate risk)
- Operational risk

This note presents information about the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework:

The Company's Chief executive officer has the overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company has a board approved Hedging policy (Derivative) which guides the company on quantum of hedge and the hedging instruments that could to be used and its reporting mechanism. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has constituted the Asset Liability management Committee (ALCO) to monitor and control the liquidity risk and market risks.

Risk	**Exposure arising from**	**Measurement**	**Measurement, monitoring and management of risk**
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and advances to customers.	Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and advances to customers.	Credit risk is measured mainly through days past due analysis and internal credit ratings using expected credit loss model.	Credit risk is: 1. measured as the amount that could be lost if a customer or counterparty fails to make repayments; 2. monitored using various internal risk management measures and within limits approved by credit manager within a framework of delegated authorities; and 3. managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.
Liquidity risk	Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk arises in the following situations: 1. when there is a mismatch between assets and liabilities which is caused by a difference in the maturity profile of such assets and liabilities. 2. from unexpected increases in the cost of funding and an inability to liquidate a position in a timely manner and at a reasonable price.	The Company uses various Key Risk Indicators (KRI) to measure Liquidity risk 1. Structural Liquidity Report (SLR) for static ALM, 2. Short Term Dynamic Liquidity report (STDL) to monitor adequacy of liquidity to fund normal operations, 3. Other KRIs such as stock ratios 4. Liquidity coverage ratio.	The Company has constituted Asset Liability management Committee (ALCO) to monitor the risks arising out of ALM. Liquidity risk being critical for NBFCs, management takes due care to manage it appropriately. To limit this risk: 1. Management ensures the borrowing profile of the company has diversified borrowings instrument wise, source wise, maturity wise. 2. The Company has treasury management guidelines which defines key treasury risk and prescribes appropriate levels of KRI to monitor and control. 3. The company also has a contingency funding plan for responding to severe liquidity disruptions.
Market risk - foreign currency exchange risk	Foreign currency exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise primarily on account of foreign currency receivables or payables and foreign currency borrowings.	Cash flow forecasting Sensitivity analysis	The company has borrowed foreign currency over seas loans under extant RBI regulations of External Commercial Borrowings and has hedged currency exposure including the interest payable in future through SWAPs. Hence the company does not have any unhedged foreign currency exposure on any borrowings. Apart from above the Company has foreign currency exposure towards its trade payables which are of relatively small value and hence the company has not deployed any measures to quantify the losses arising out of fluctuation in foreign currency.
Interest Rate Risk	Exposure to interest rate risk is principally as a result of lending to customers at interest rates and in amounts and for periods, which, may differ from its borrowing in other words, the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It covers Earnings Risk and Economic Value Risk. This may result in losses for the company due to repricing.	Measurement of Earnings at Risk under traditional gap analysis - Interest rate sensitivity analysis (IRS) - analysis of the gap between assets and liability and classification of all assets and liabilities into various time period categories, according to contracted maturities or anticipated re-pricing dates. The difference in the assets and liabilities maturing or being repriced in any specific time period category is then used as an indication of the exposure of our Company to interest rate risk.	The Company seeks to match its interest rate positions to minimize interest rate risk. To reduce the risk of loss due to interest rate exposure the management undertakes the following: 1. Set and monitor the threshold levels of KRI. 2. Monitor Interest rate sensitivity as prescribed by RBI. 3. Analyze earnings at risk caused by a shift in the yield curve (100 bps parallel shift). 4. Cross Currency Interest rate SWAPs to hedge the risk of floating rate ECBs.
Operational Risk	Operational risk is the risk of loss arising from inadequate or failed internal process or proper systems or from human error or from external events.	The operational risks of the Company are monitored and managed on on-going basis through comprehensive internal control systems and procedures. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes periodic self assessment of effectiveness of risk control framework and internal financial controls adherence thereby reducing enterprise exposure.	The Risk Management Committee (RMC) is responsible for monitoring, measuring and managing the operational risk on continuous basis. The Company has put in place a robust Disaster Recovery (DR) plan which is tested on a periodical basis to provide assurance regarding the effectiveness of the Company’s readiness, when confronted with adverse events such as natural disasters, technological failures, terrorism, etc

Financial Risk Management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

i) Credit risk management approach

The Company has established Credit Committee to periodically review and monitor credit risk. The committee comprises of senior management of the company. It periodically reviews performance of receivables portfolio across various segments. Further, the company lends to various segments based on the established credit policies.

Retail credit analysis is based on risk and exposure associated to segments like salary/self-employed, personal use/fleet/driver cum owner, individual/non individuals etc. Origination based delinquency i.e. tracking the delinquency from on-boarding month is done segment wise and special programme wise (marketing schemes of the company) which is used to enhance the credit assessment process. Further assessments are based on specific credit terms like tenor, loan to value etc. Credit bureau score for individual/non individual are considered further for the risk assessment. Exceptional risk approvals are based on hierarchy depending on the criticality of the risk.

The Company performs necessary due diligence on dealers viz. financial analysis, background checks, CIBIL, grading etc. to arrive at sanctioning of limit. The Company follows the grading tool used by the group globally where certain qualitative and quantitative factors are considered to arrive at grading which helps in ascertaining the probability of default 'PD' of a particular dealer. This is used for decision making on limit sanction and precautions to be undertaken for a said dealer.

ii) Credit Quality of Financial Loans

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(Amounts are in INR Million)

Particulars	Term loans		Inventory Financing	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Gross carrying value of loan assets				
Neither Past due nor impaired	55,433.64	53,479.12	1,529.88	2,537.35
Past Due but not impaired				
30 days past due	4,544.41	6,582.54	169.27	-
31-90 days past due	3,839.62	3,761.27	1,521.96	1,856.71
Impaired (more than 90 days)	2,972.55	2,439.76	767.82	763.03
	66,790.22	**66,262.69**	**3,988.93**	**5,157.09**

iii) Expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The Company measures ECL based out of a probability based outcome using a multiple scenario approach such as Best Case, Base Case and Worst Case and assigning weightages to each of the scenario. (Also refer Note 2 – Significant Accounting Policies).

Definition of Default

The Company considers a financial instrument defaulted and therefore Stage3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 91 days overdue on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:-

- DPD analysis as on each reporting date.
- significant increase in credit risk on other financial instruments of same borrower.
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees.

Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures for retail loan. The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD. For non retail loans, the Company assigns internal ratings (grading) to the borrower based on credit assessment and PD is computed based on the yearly transition of ratings over a period of time. The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Exposure at Default (EAD)

Exposure at default (EAD) is estimation of the extent that the Company is exposed to borrower in the event of default. EAD is arrived at take into account any expected changes in the exposure after the assessment date.

EAD in the case of facilities with no limits will be the outstanding exposure which will be calculated as principal + due interest + Interest accrued but not due (as on reporting date). To calculate the EAD for a Stage 1 loan, the Company assesses the possible default in future expected cashflows within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for future expected cashflows over the lifetime of the instruments.For undisbursed Inventory Finance lending commitments, the EAD includes the potential future amounts that may be drawn under the contract, which are estimated based on a credit conversion factor.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

Loss Given Default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases and value of the available collateral against the loans for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. state 1, stage 2 and stage 3.

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Financial Risk Management (continued)

Significant increase in credit risk (SICR)

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject 12 months ECL or life time ECL, the Company assesses whether there has been significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans at amortised cost. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition.

(a) Stage 1: 12-months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
(b) Stage 2: Lifetime ECL, not credit-impaired : For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised.
(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

During the current year, the Company has restructured 346 loan accounts in accordance with the Resolution framework for Covid-19 related stress issued by RBI vide circulars DOR.STR.REC.12/21.04.048/2021-22 dated 5 May 2021 and DOR.STR.REC.21/21.04.048/2021-22 dated 4 June 2021.The amortised cost before the modification for these loan accounts is INR 207.39 million and the net modification gain recognised in the statement of profit and loss is INR 11.08 million. These accounts have been reviewed and assessed as having a significant increase in credit risk and accordingly loss allowances for these loans is computed at an amount equal to lifetime expected credit losses. The net carrying amount of modified financial assets as at 31 March 2022 is INR 373.92 million [Gross carrying amount of INR 554.24 million, netted of with impairment allowance of INR 180.32 million].

The below table shows the gross carrying amount of financial assets by credit ratings along with corresponding expected credit losses and the net carrying amount:

(Amounts are in INR Million)

Particulars	Asset group	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
31 March 2022					
Stage 1 : Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	61,677.19	0.79%	490.25	61,186.95
Stage 2 : Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	5,361.59	11.02%	590.75	4,770.84
Stage 3 : Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	3,740.37	57.36%	2,145.36	1,595.01
31 March 2021					
Stage 1 : Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	62,599.01	0.75%	468.10	62,130.91
Stage 2 : Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	5,617.98	15.64%	878.61	4,739.37
Stage 3 : Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	3,202.79	58.18%	1,863.27	1,339.52

The Company has made additional provision for credit losses against the potential impact of COVID-19 and other factors by way of a management overlay.

Concentration of Credit Risk

The Company is engaged primarily in the business of auto financing and related activities. The below table shows risk concentration of loan as at year end.

Particulars	31 March 2022	31 March 2021
Carrying value of loans	67,552.79	68,209.81
Auto loans and auto related loan	67,552.79	68,209.81
	67,552.79	**68,209.81**

Financial Risk Management (continued)

Expected credit loss on Trade receivables and other financial assets

Based on the past trends, the Company has not written off significant amount of receivable from the parties. Such receivables carry insignificant probability of default, hence the credit risk is low. Other financial assets primarily include security deposits. Security deposits are measured at amortised cost and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and Bank balance

The Company holds cash and cash equivalents and bank balance of INR 2,575.28 million at 31 March 2022 (previous year: INR 1563.34 million). The cash and cash equivalents are held with bank and financial institution counterparties with acceptable credit ratings.

Investments

The Company has invested in Government Securities (treasury bills). Based on history of Government of India, there is no delay in servicing of interest/repayments. Hence, the credit risk is very low and the Company does not expect any delay in interest/redemption servicing in future. Refer Note 7.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows:

(i) Movements in the Gross Carrying Amount is as follows:

(Amounts are in INR Million)

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 1 April 2020	**66,261.37**	**3,236.27**	**1,693.10**	**71,190.74**
Net remeasurement of loss allowance	-14,634.77	-262.44	-8.34	-14,905.55
Transfer to 12 Month ECL from lifetime	516.07	-505.82	-10.25	0.00
Transfer to lifetime ECL-not credit-impaired	-3,121.54	3,131.02	-9.48	-0.00
Transfer to lifetime ECL-credit impaired	-1,696.08	-476.13	2,172.22	0.00
Financial assets derecognised	-7,142.03	-433.52	-778.84	-8,354.39
New financial assets acquired	22,416.15	928.59	144.23	23,488.97
Balance as at 31 March 2021	**62,599.17**	**5,617.97**	**3,202.64**	**71,419.78**
Net remeasurement of loss allowance	(15,672.04)	(1,741.32)	(225.83)	-17,639.19
Transfer to 12 Month ECL from lifetime	792.83	(690.94)	(101.89)	0.00
Transfer to lifetime ECL-not credit-impaired	(3,168.72)	3,319.25	(150.53)	0.00
Transfer to lifetime ECL-credit impaired	(1,477.38)	(851.90)	2,329.28	0.00
Financial assets derecognised	(8,314.95)	(763.53)	(1,441.92)	-10,520.40
New financial assets acquired	26,918.28	472.06	128.62	27,518.96
Balance as at 31 March 2022	**61,677.19**	**5,361.59**	**3,740.37**	**70,779.15**

(ii) Movements in the allowance for impairment in respect of loans is as follows:

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 1 April 2020	**938.77**	**354.30**	**1,126.23**	**2,419.30**
Net remeasurement of loss allowance	945.00	(24.89)	14.40	934.52
Transfer to 12 Month ECL from lifetime	6.01	(5.86)	(0.15)	(0.00)
Transfer to lifetime ECL-not credit-impaired	(668.61)	670.58	(1.97)	0.00
Transfer to lifetime ECL-credit impaired	(799.85)	(205.53)	1,005.38	-
Financial assets derecognised	(107.98)	(52.69)	(336.71)	(497.38)
New financial assets acquired	154.77	142.69	56.08	353.54
Balance as at 31 March 2021	**468.11**	**878.60**	**1,863.26**	**3,209.97**
Net remeasurement of loss allowance	862.83	(165.30)	(135.03)	562.50
Transfer to 12 Month ECL from lifetime	27.38	(24.73)	(2.65)	-
Transfer to lifetime ECL-not credit-impaired	(354.78)	401.04	(46.26)	-
Transfer to lifetime ECL-credit impaired	(628.52)	(407.48)	1,036.00	-
Financial assets derecognised	(69.53)	(167.11)	(621.91)	(858.55)
New financial assets acquired	184.76	75.73	51.95	312.44
Balance as at 31 March 2022	**490.25**	**590.75**	**2,145.36**	**3,226.36**

Financial Risk Management (continued)

The below table shows the maximum exposure to credit risk by class of financial assets. It also shows the financial effect of the collateral held as security (quantification of the extent to which collaterals mitigate credit risk), and the net exposure to credit risk.

		Fair value of the collateral				(Amounts are in INR Million)
Financial assets	**Maximum exposure to credit risk**	**Vehicles***	**Land and buildings**	**Bank Guarantee**	**Net Exposure**	**Associated expected credit losses**
31 March 2022						
Cash and cash equivalents	2,575.28	-	-	-	2,575.28	-
Trade Receivables	22.56	-	-	-	22.56	-
Loans	70,779.15	66,234.70	6,968.76	50.00	(2,474.31)	(3,226.36)
Investments	2,419.40	-	-	-	2,419.40	-
Other financial assets	39.32	-	-	-	39.32	-
	75,835.71	**66,234.70**	**6,968.76**	**50.00**	**2,582.25**	**(3,226.36)**
31 March 2021						
Cash and cash equivalents	1,563.34	-	-	-	1,563.34	-
Trade Receivables	4.42	-	-	-	4.42	-
Loans**	68,209.81	65,988.80	8,010.25	55.92	(5,845.16)	(3,209.97)
Investments	989.15				989.15	
Other financial assets	93.66	-	-	-	93.66	-
	70,860.38	**65,988.80**	**8,010.25**	**55.92**	**(3,194.59)**	**(3,209.97)**

*The gross carrying value has been considered as collateral without discounting.
**Maximum exposure to loans is net of impairment loss allowance amounting to INR 3,209.97 million.

Gross value of total secured loans to value of collateral:

Loan To Value	**Gross Value of Secured Retail loans**		**Gross Value of Secured Inventory Financing loans**	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Upto 50%	2,341.70	2,056.35	1,305.42	219.83
51 - 70%	9,470.38	8,519.96	701.93	2,304.98
71 - 100%	49,877.37	46,956.58	2,660.75	4,121.72
Above 100%	2,946.17	5,274.75	1,475.43	1,965.61
	64,635.62	**62,807.64**	**6,143.53**	**8,612.14**

Gross Value of Secured Inventory Financing loans include term loan.

Gross value of credit impaired loans to value of collateral:

Loan To Value	**Gross Value of Retail loans in stage 3**		**Gross Value of Inventory Financing loans in stage 3**	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Upto 50%	22.13	12.03	-	23.47
51 - 70%	195.38	104.27	-	-
71 - 100%	2,223.99	1,828.57	542.15	542.15
Above 100%	531.05	494.88	225.66	197.41
	2,972.55	**2,439.76**	**767.82**	**763.03**

Gross Value of Secured Inventory Financing loans include term loan.

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

		Fair value of the collateral		
Type of collateral	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
31 March 2022				
Loans	3,740.37	2,972.55	831.15	(63.33)
Total credit-impaired financial assets	**3,740.37**	**2,972.55**	**831.15**	**(63.33)**
31 March 2021				
Loans	3,202.79	2,439.76	831.15	(68.11)
Total credit-impaired financial assets	**3,202.79**	**2,439.76**	**831.15**	**(68.11)**

Write off

Financial assets are written off when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company’s procedures for recovery of amounts due.

Below is the details of the financial assets that were written off during the reporting period and are still subject to enforcement activity.

Particulars	**31 March 2022**	**31 March 2021**
Contractual outstanding	1,022.58	584.27
Amount written off during the year	1,022.58	584.27

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Financial Risk Management (continued)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing of amounts of cash flows, which is inherent to the nature of Company's operations. Liquidity risk could lead to situations where the Company needs to raise funds and/or assets need to be liquidated under unfavourable market conditions. Measuring and managing liquidity needs are vital for effective operation of the Company by assuring the ability to meet its liabilities as they become due.
The liquidity risk can be either (i) institution specific or (ii) market specific.

i Liquidity risk management

Liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool commonly referred to as Structural Liquidity. The Maturity Profile, are used for measuring the future cash flows of the company in different time buckets. The time buckets distributed considered are as per RBI guidelines and monitored by Asset Liability management Committee (ALCO) .

- The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow.
- The Company strives to manage the negative gap (i.e. where outflows exceed inflows) in the particular time-bucket and cumulative gap up to selected maturity period should not exceed the prudential limits approved by the Board . The prudential limits for individual time buckets are based on a percentage of outflows of each time-bucket and the limit for the cumulative gaps are based on the percentage of cumulative gap to cumulative cash outflows up to the period.
- In order to enable the Company to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, short-term liquidity profiles is estimated on the basis of business projections and other commitments for planning purposes which is effectively used as a predictive tool for its future ALM requirements.
- The Company has a board approved policy for Liquidity Risk Management Framework as per RBI Circular dated 4 November 2019 as a part of ALM policy which captures the risk index. The ALCO monitors these index and suggests changes if any. As per the circular, the company has also started managing Liquidity Coverage Ratio from 1 December 2020.

ii Maturity of financial liabilities

The following are the expected maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest receipts and payments.

As at 31 March 2022 **(Amounts are in INR Million)**

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/ Inflow	Expected cash flows							
				Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years
Financial liabilities											
Derivative financial instruments	4	35.20	35.20	-	-	-	-	-	35.20	-	-
Trade Payables	15	1,266.66	1,266.66	882.95	182.12	-	201.59	-	-	-	-
Debt securities	16	25,223.83	27,122.49	500.00	2,366.51	113.60	6,088.48	2,306.07	15,747.83	-	-
Borrowings (other than debt securities)	17	33,416.78	35,223.11	1,892.68	88.88	2,670.05	3,047.95	11,942.26	15,581.29	-	-
Lease Liability	18	59.78	60.64	3.99	3.99	3.99	12.46	24.92	11.29	-	-
Other financial liabilities	19	3.42	3.42	0.37	-	-	-	-	3.05	-	-

As at 31 March 2021

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/ Inflow	Expected cash flows							
				Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years
Financial liabilities											
Derivative financial instruments	4	144.11	144.11	-	-	-	-	-	144.11	-	-
Trade Payables	15	948.65	948.65	611.63	336.29	-	-	0.73	-	-	-
Debt securities	16	23,412.45	26,079.90	-	-	118.13	344.98	5,811.19	19,805.60	-	-
Borrowings (other than securities)	17	33,647.09	35,841.37	1,592.92	1,615.92	1,199.45	3,560.39	8,676.55	19,196.14	-	-
Lease Liability	18	114.86	122.49	4.81	4.82	4.82	14.92	29.84	63.28	-	-
Other financial liabilities	19	24.45	24.45	0.71	-	19.91	-	2.49	1.20	0.14	-

Maturity pattern of liabilities has been compiled by the management on expected cashflows.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Financial Risk Management (continued)

Liquidity risk (continued)

iii Liquidity Risk Management Framework

Disclosures required under Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies vide circular - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

a. Funding Concentration based on significant counterparty

Sr no	Number of significant counterparties *	Amount (INR Million)	% of Total deposits	% of Total Liabilities
1	4	30281	N.A.	50%

* The Company consider an exposure from a single counterparty or group of connected or affiliated counterparties of 10% and above to be significant counterparties.

b. Top 20 large deposits - The Company is a non deposit taking NBFC and hence not applicable.

c. Top 10 borrowings amounts to INR 27,354 millions and 47% of total borrowings.

d. Funding Concentration based on significant instrument/product

Sr no	Name of the instrument/product *	Amount (INR Million)	% of Total Liabilities
1	External commercial borrowings**	25012	42%
2	Bank borrowings	12051	20%
3	Non Convertible debentures	20088	33%

* The Company consider an exposure from an instrument of 10% and above to be significant.
**External commercial borrowings includes INR denominated ECB Bond.

e. Stock Ratios

Sr no	Particulars	Total Liabilities	Total Assets
1	Commercial papers as a % of	2%	2%
2	Non-convertible debentures (original maturity of less than one year) as a % of	0%	0%
3	Other Short-term liabilities (excluding 1 & 2 above and including current maturities of long term debt and other liabilities), if any as a % of	49%	40%
4	Other short-term liabilities (other than debt liabilities), if any as a % of	2%	2%

For the computation of all the above disclosures the following has been considered:
i. Total liabilities means total assets less equity capital and other equity.
ii. Total asset means total of asset side of the balance sheet.
iii. Borrowings have been considered at their carrying value.

f. Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility of managing risk related to Asset Liability mismatches, including liquidity risk and market risk. The Board has constituted Asset Liability Management Committee (‘ALCO’) to identify & monitor the liquidity, market and foreign exchange risks from time to time. The Company’s ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet, in accordance with the liquidity risk thresholds/ limits decided by the Board. The ALCO is comprised of MD & CEO (chairperson) and other senior management to enable effective ALM risk management strategy of the Company.

The Company has a Board approved Asset Liability Management policy 'ALM policy', defining the liquidity risk management framework in line with RBI’s “guidelines on liquidity risk framework for NBFCs” which ensures that the Company maintains sufficient liquidity in line with the risk appetite framework, including a cushion of unencumbered, High Quality Liquid Assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board approves the prudential limits defined in the ALM policy. The Company is maintaining LCR in line with regulatory requirements from December 2020.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Financial Risk Management (continued)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financials instrument will fluctuate because of changes in market prices such as foreign exchange rate and interest rate.

i. Foreign currency risk

Currency risk is the risk that the value of an receivable/ payable will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

a. Currency risk management

The Company does not have any material unhedged foreign currency transactions that would significantly impact the profitability of the company. Any significant foreign exchange exposure on account of foreign exchange borrowings is hedged to safeguard against exchange rate risk.

b. Exposure to currency risk

The profile of currency exposure on financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

(Amounts are in INR Million, except foreign currency)

Particulars			**31 March 2022**			
	USD	**JPY**	**SGD**	**USD in INR**	**JPY in INR**	**SGD in INR**
Derivative financial instruments						
Foreign exchange derivative contracts	22,23,97,942.30	-	-	16,854.71	-	-
Exposure to foreign currency risk (assets) - (a)	22,23,97,942.30	-	-	16,854.71	-	-
Financial liabilities						
Payables	59,327.24	29,91,432.00	45,584.32	4.79	1.83	2.42
Foreign currency loan	22,00,00,000.00	-	-	16,672.98	-	-
Interest accrued on foreign currency loan	23,97,942.30	-	-	181.73	-	-
Exposure to foreign currency risk (liabilities) (b)	22,24,57,269.54	29,91,432.00	45,584.32	16,859.50	1.83	2.42
Net exposure to foreign currency risk (c) = (b) + (a)	**59,327.24**	**29,91,432.00**	**45,584.32**	**4.79**	**1.83**	**2.42**

Particulars			**31 March 2021**			
	USD	**JPY**	**SGD**	**USD in INR**	**JPY in INR**	**SGD in INR**
Derivative financial instruments						
Foreign exchange derivative contracts	20,00,00,000.00	-	-	14,324.20	-	-
Exposure to foreign currency risk (assets) - (a)	20,00,00,000.00	-	-	14,324.20	-	-
Financial liabilities						
Payables	44,883.44	45,16,361.00	44,465.12	3.42	3.07	2.37
Foreign currency loan	20,00,00,000.00	-	-	14,622.50	-	-
Interest accrued on foreign currency loan	19,45,764.65	-	-	142.26	-	-
Exposure to foreign currency risk (liabilities) (b)	20,19,90,648.09	45,16,361.00	44,465.12	14,768.18	3.07	2.37
Net exposure to foreign currency risk (c) = (b) + (a)	**19,90,648.09**	**45,16,361.00**	**44,465.12**	**443.98**	**3.07**	**2.37**

The company has hedged all its foreign currency External Commercials Borrowings with Cross Currency Interest Rate Swaps to effectively hedge its cash flow positions at the time of every outflow. These foreign currency External Commercial Borrowings being no more subject to volatility in foreign exchange and their fair value being recorded through profit and loss a/c have been considered as liabilities not sensitive to foreign currency fluctuation and hence no sensitivity analysis has been performed on them.

Sensitivity analysis

A reasonably possible strengthening/ weakening of the Indian Rupee against foreign currency as at the year end would have affected the measurement of financial instruments denominated in foreign currency and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	**Impact on profit after tax**		**Impact on other components of equity**	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
1% movement				
USD	(0.04)	0.04	(0.04)	0.04
JPY	(0.01)	0.01	(0.01)	0.01
SGD	(0.02)	0.02	(0.02)	0.02
	(0.07)	**0.07**	**(0.07)**	**0.07**
31 March 2021				
1% movement				
USD	(0.03)	0.03	(0.03)	0.03
JPY	(0.02)	0.02	(0.02)	0.02
SGD	(0.02)	0.02	(0.02)	0.02
	(0.07)	**0.07**	**(0.07)**	**0.07**

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Financial Risk Management (continued)

Market Risk (Continued)

ii. Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instrument because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in the interest rates.

i. Interest rate risk management
The Company measures its interest rate exposure through the following:

1. Monitor Interest rate sensitivity as prescribed by RBI under IRS (Interest rate sensitivity) return
2. Analyze earnings at risk caused by a shift in the yield curve (100 bps parallel shift)

ii. Exposure to interest rate risk
Company's interest rate risk arises from variable rate financial assets or financial liabilities . The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

(Amounts are in INR Million)

Particulars	**31 March 2022**	**31 March 2021**
Fixed-rate instruments (net of interest)		
Financial assets	67,918	62,494
Financial liabilities*	(52,311)	(46,096)
Net exposure	**15,607**	**16,398**
Variable-rate instruments (net of interest)		
Financial assets	4,106	7,736
Financial liabilities	(5,650)	(10,350)
Net exposure	**(1,544)**	**(2,614)**

Financial assets consists of Loans, Investments and Fixed Deposit.
Financial liabilities consists of Debts securities, Borrowings (other than debt securities).
The company has borrowed through External Commercial Borrowings and has hedged including the interest through SWAPs. Hence the company does not have any open foreign exchange interest rate exposure on any ECB borrowings.

*Foreign currency external commercial borrowings were borrowed at Floating Rate at inception which are hedged into Fixed rate Borrowings. The same has been considered as Fixed rate instrument.

Fair value sensitivity analysis for fixed-rate instruments

Other than for derivatives the Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would affect the statement of profit and loss only to the extent of derivatives. The company has hedged all its External Commercials Borrowings with Cross Currency Interest Rate Swaps to effectively hedge its cash flow positions at the time of every outflow. These External Commercial Borrowings being no more subject to interest rate volatility and their fair value being recorded through profit and loss a/c have been considered as liabilities not sensitive to interest rate fluctuation and hence no sensitivity analysis has been performed on them.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	**Impact on profit after tax**	
	31 March 2022	**31 March 2021**
Variable rate instruments (net)		
100 bps increase	(12)	(20)
100 bps decrease	12	20

Particulars	**Impact on other components of equity**	
	31 March 2022	**31 March 2021**
Variable rate instruments (net)		
100 bps increase	(12)	(20)
100 bps decrease	12	20

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

44 Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016
(Amounts included herein are based on current and previous year financials as per Ind AS)

(a) Capital

S.No.	Particulars	31 March 2022	31 March 2021
i)	CRAR (%)	20.07	19.51
ii)	CRAR - Tier I Capital (%)	19.36	18.83
iii)	CRAR - Tier II Capital (%)	0.71	0.68
iv)	Amount of Subordinated debt raised as Tier-II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Investments **(Amounts are in INR Million)**

S.No.	Particulars	31 March 2022	31 March 2021
1	Value of investments		
	(i) Gross value of investments	-	-
	(a) In India	2,419.40	989.15
	(b) Outside India	-	-
	(ii) Provisions for depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net value of investments	-	-
	(a) In India	2,419.40	989.15
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

(c) Derivatives

(i) Forward rate agreement/ Interest rate swap

S.No.	Particulars	31 March 2022	31 March 2021
(i)	The notional principal of swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into Swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

(ii) Exchange traded interest rate (IR) derivatives

S.No.	Particulars	31 March 2022	31 March 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March of respective years	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(iii) Disclosures on risk exposure in derivatives

(A) Qualitative disclosures
The Company has a derivative policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:
a) Treasury function is authorised to select appropriate derivative instrument:,
b) The Company shall fully hedge the risk on account of foreign currency fluctuation;
c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;
d) The company has put in place accounting policy covering recording hedge transactions, premiums and discounts, valuation of outstanding contracts and provisioning (Also refer Note 2 – Significant Accounting Policies).

(B) Quantitative disclosures **(Amounts are in INR Million)**

S.No.	Particular	31 March 2022		31 March 2021	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging	16,854.71	-	14,324.20	-
(ii)	Marked to Market Positions [1]				
	a) Asset (+)	858.78	5.29	334.68	-
	b) Liability (-)	-	239.41	36.38	337.98
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

(d) (i) Disclosures relating to Securitisation

S.No.	Particulars	31 March 2022	31 March 2021
1 .	No of SPVs sponsored by the NBFC for securitisation transactions	-	-
2 .	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3 .	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
	a) Off-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
4 .	Amount of exposures to securitisation transactions other than MRR	-	-
	a) Off-balance sheet exposures	-	-
	(i) Exposure to own securitizations	-	-
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures	-	-
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Others	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss	-	-

(ii) Details of Financial Assets sold to Securitisation/Reconstruction company for Asset Reconstruction

S.No.	Particulars	31 March 2022	31 March 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of	-	-
(v)	Aggregate gain / loss over net book value	-	-

(iii) Details of Assignment transactions undertaken

S.No.	Particulars	31 March 2022	31 March 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of	-	-
(v)	Aggregate gain / loss over net book value	-	-

(iv) Details of Non performing financial assets purchased/sold
A. Details of non-performing financial assets purchased :

S.No.	Particulars	31 March 2022	31 March 2021
1 .	a) No. of accounts purchased during the year	-	-
	b) Aggregate outstanding	-	-
2 .	a) Of these, number of accounts restructured during the year	-	-
	b) Aggregate outstanding	-	-

B. Details of Non-performing Financial Assets sold :

S.No.	Particulars	31 March 2022	31 March 2021
1 .	No. of accounts sold	-	-
2 .	Aggregate outstanding	-	-
3 .	Aggregate consideration received	-	-

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(e) Exposures

(i) Exposure to real estate sector **(Amounts are in INR Million)**

S.No.	Category	31 March 2022	31 March 2021
	Direct Exposure		
(i)	Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii)	Commercial real estate -	-	-
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	-
(iii)	Investments in mortgage backed securities(MBS) and other securitised exposures -	-	-
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Total Exposure to real estate sector	-	-

(ii) Exposure to capital market

	Particulars	31 March 2022	31 March 2021
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	-	-

(iii) Details of financing of parent company products

The Company is primarily engaged in auto financing / leasing of fellow subsidiary products. Loans and Advances includes vehicle finance, which comprise primarily of either loans to customers for purchasing Toyota cars and accessories or loans to dealers engaged in dealing in Toyota cars and accessories.

(iv) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year.

(v) Unsecured advances

The total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is Nil (Previous year: Nil).

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(f) Miscellaneous

(i) Registration obtained from other financial sector regulators
The Company has obtained corporate agency license in February, 2019 from Insurance Regulatory and Development Authority of India for distributing insurance products which has been expired as on 17 February 2022.The Company is under process of renewing it.

(ii) Disclosure of penalties imposed by RBI and other regulators
Penalties imposed by RBI and other regulators on the Company is Rs. Nil (Previous Year: Rs. Nil)

(iii) Ratings assigned by credit rating agencies and migration of ratings during the year

S. No.	Instrument	31 March 2022		31 March 2021	
		CRISIL	ICRA	CRISIL	ICRA
1	Redeemable Non-Convertible Debentures	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
2	Commercial Papers	A1+	A1+	A1+	A1+
3	Bank facility (Long term)	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
4	Bank facility (Short term)		A1+		A1+

There have not been any migrations during the year.

(iv) Net profit or loss for the period, prior period items and changes in accounting policies
There are no prior period items included in the current year's statement of profit and loss.

(v) Revenue recognition
There is no revenue which has been postponed pending the resolution of significant uncertainties.

(g) Additional disclosures

(i) Provisions and contingencies **(Amounts are in INR Million)**

Break up of 'Provisions and Contingencies' shown in the statement of profit and loss	31 March 2022	31 March 2021
Under 'Impairment on financial instruments'		
Provision towards NPA	260.39	704.59
Contingent provision for standard assets, including future potential losses	(265.94)	28.63
Under 'Tax expenses'		
Provision made towards Income tax (including deferred tax)	290.50	209.68
Under 'Employee benefit expenses'		
Provision for gratuity and compensated absences	23.47	14.21

(ii) Draw Down from Reserves
The Company has not made any draw down from reserves.

(iii) Concentration of deposits, advances, exposures and NPAs

(A) Concentration of deposit
The Company is a non deposit taking NBFC and has not obtained any deposit from depositors.

(B) Concentration of advances

Particulars	31 March 2022	31 March 2021
Total Advances to twenty largest borrowers	6,190.15	8,253.63
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	8.75%	11.56%

(C) Concentration of exposures

Particulars	31 March 2022	31 March 2021
Total exposure to twenty largest borrowers /customers	9,829.97	11,303.38
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	12.68%	14.66%

(D) Concentration of NPAs

Particulars	31 March 2022	31 March 2021
Total exposure to top four NPA accounts	827.23	880.88

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(E) Sector-wise NPAs

		Percentage of NPAs to Total Advances in that sector	
S. No.	**Sector**	**31 March 2022**	**31 March 2021**
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans*	5.38%	4.48%
7	Other personal loans	-	-

* Includes financing to Dealers / Other corporate customers on cars and accessories.

(iv) Movement of NPAs

(Amounts are in INR Million)

S.No.	**Sector**	**31 March 2022**	**31 March 2021**
(i)	Net NPAs to net advances (%)	2.41	1.93
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	3,202.79	1,693.14
	(b) Additions during the year#	2,465.08	2,342.87
	(c) Reductions during the year *	1,863.14	833.22
	(d) Closing balance	**3,804.73**	**3,202.79**
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,339.52	566.90
	(b) Additions during the year	1,345.83	1,252.89
	(c) Reductions during the year	1,033.66	480.27
	(d) Closing balance	**1,651.69**	**1,339.52**
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,863.27	1,126.24
	(b) Provisions made during the year	1,119.25	1,089.98
	(c) Write-off / write-back of excess provisions *	829.48	352.95
	(d) Closing balance	**2,153.04**	**1,863.27**

\# Additions does not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.
* Balancing figure.

(v) Overseas assets (for those with Joint Ventures and Subsidiaries abroad)
The Company does not have any Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).

(vi) Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)
The Company does not have any off-balance sheet SPVs sponsored.

(vii) Disclosure of customer complaints

S.No.	**Particulars**	**31 March 2022**	**31 March 2021**
(a)	No. of complaints pending at the beginning of the year	15	1
(b)	No. of complaints received during the year	701	959
(c)	No. of complaints redressed during the year	709	945
(d)	No. of complaints pending at the end of the year	7	15

Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012

(Amounts are in INR Million)

Particulars	**31 March 2022**	**31 March 2021**
a. Persons involved		
Customers	17.94	6.61
Employee	0.23	-
Collection Agency	-	-
Dealer	-	-
Total	**18.17**	**6.61**
b. Type of Fraud		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	18.17	6.61

Non-Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure I.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(h) Disclosure on restructured advances

31 March 2022 **(Amounts are in INR Million)**

S. No.	Type of restructuring → Asset classification → Details ↓		Others* Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the year (opening figures) *	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	5	-	-	5
		Amount outstanding	-	163.04	-	-	163.04
		Provision thereon	-	61.84	-	-	61.84
3	Recovery during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	(9.52)	-	-	(9.52)
		Provision thereon	-	(8.29)	-	-	(8.29)
4	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured accounts as on March 31 of the year (closing figures)	No. of borrowers	-	5	-	-	5
		Amount outstanding	-	153.52	-	-	153.52
		Provision thereon	-	53.55	-	-	53.55

*excluded restructured accounts as per RBI circular pertaining to Resolution Framework for COVID-19-related Stress.

31 March 2021

S. No.	Type of restructuring → Asset classification → Details ↓		Others* Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the year (opening figures)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Recovery during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured accounts as on March 31 of the year (closing figures)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

*excluded restructured accounts as per RBI circular pertaining to Resolution Framework for COVID-19-related Stress.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Disclosure required in terms of the revised regulatory framework for NBFC issued by RBI on 1 September 2016 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(i) Maturity pattern of certain assets and liabilities as at 31 March 2022

31 March 2022 **(Amounts are in INR Million)**

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings	-	-	2,299.79	2,340.06	12.62	5,949.51	6,101.34	25,095.46	-	-	41,798.78
Foreign currency borrowings	-	-	36.68	17.68	2,674.03	2,745.50	7,578.63	3,789.31	-	-	16,841.83
Assets *											
Advances (net of NPA provision)	1,040.29	981.58	2,365.44	2,784.08	2,415.45	6,331.64	11,073.24	27,976.60	11,668.77	915.70	67,552.79
Cash and cash equivalents	1,605.14	970.14	-	-	-	-	-	-	-	-	2,575.28
Investments	-	614.55	-	705.07	-	737.08	362.70	-	-	-	2,419.40
Foreign currency assets #	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities #	-	-	9.04	-	-	-	-	-	-	-	9.04

31 March 2021

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings	540.91	-	1,001.15	1,500.00	1,096.87	3,207.84	12,863.64	22,084.37	-	-	42,294.78
Foreign currency borrowings	-	-	17.32	20.47	104.47	-	-	14,622.50	-	-	14,764.76
Assets *											
Advances (net of NPA provision)	1,260.50	1,132.57	2,860.59	3,149.80	2,556.94	6,307.31	10,897.65	27,838.60	11,406.79	799.06	68,209.81
Cash and cash equivalents	1,563.34	-	-	-	-	-	-	-	-	-	1,563.34
Investments	-	-	-	697.25	-	-	291.90	-	-	-	989.15
Foreign currency assets #	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities #	-	-	8.86	-	-	-	-	-	-	-	8.86

* Excludes advance income tax/ tax deducted at source (net of provisions) and other advances (not related to lending activity).
# The Company does not have any foreign currency assets and liabilities in relation to its principal operations except ECBs.
Cashflows denote expected cashflow of financial liabilities and assets. The amounts includes accrued interest payments & interest income.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

45 Disclosure pursuant to RBI notification DOR (NBFC).CC.PD.No.109 /22.10.106/201920 dated 13 March 2020 pertaining to asset classification as per RBI Norms

31 March 2022 **(Amounts are in INR Million)**

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing assets						
Standard	Stage 1	61,676.66	493.93	61,182.73	260.35	233.58
	Stage 2	5,224.57	547.59	4,676.98	54.30	493.29
	Stage 3	72.64	40.55	32.09	7.39	33.16
Subtotal for performing assets (A)		**66,973.87**	**1,082.07**	**65,891.80**	**322.04**	**760.03**
Non-performing assets (NPA)						
Substandard	Stage 2	137.02	48.24	88.78	20.16	28.08
Substandard	Stage 3	2,800.96	1,260.56	1,540.40	281.96	978.60
Doubtful						
up to 1 year	Stage 3	49.33	46.04	3.30	45.97	0.07
1 to 3 years	Stage 3	0.66	0.45	0.21	0.45	-
More than 3 years	Stage 3	105.62	86.13	19.48	85.71	0.42
Loss	Stage 3	711.15	711.62	(0.47)	711.15	0.47
Subtotal for NPA (B)		**3,804.74**	**2,153.04**	**1,651.70**	**1,145.40**	**1,007.64**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	723.83	3.69	720.14	-	3.69
	Stage 2	182.06	5.07	176.99	-	5.07
	Stage 3	-	-	-	-	-
Subtotal (C)		**905.89**	**8.76**	**897.13**	**-**	**8.76**
	Stage 1	62,400.49	497.62	61,902.87	260.35	237.27
	Stage 2	5,543.65	600.90	4,942.75	74.46	526.44
	Stage 3	3,740.36	2,145.35	1,595.01	1,132.63	1,012.72
Total (A+B+C)		**71,684.50**	**3,243.87**	**68,440.63**	**1,467.44**	**1,776.43**

The Company has assessed its Expected Credit Loss in line with the RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Accordingly, no impairment reserve is required to be created.

31 March 2021 **(Amounts are in INR Million)**

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing assets						
Standard	Stage 1	62,599.01	468.10	62,130.91	248.86	219.24
	Stage 2	5,617.98	878.61	4,739.37	44.09	834.52
Subtotal for performing assets (A)		**68,216.99**	**1,346.71**	**66,870.28**	**292.95**	**1,053.76**
Non-performing assets (NPA)						
Substandard	Stage 3	2,389.06	1,090.89	1,298.17	238.83	852.06
Doubtful						
up to 1 year	Stage 3	23.57	6.86	16.71	4.80	2.06
1 to 3 years	Stage 3	93.17	68.14	25.03	65.21	2.93
More than 3 years	Stage 3	1.21	1.21	0.00	1.21	-
Loss	Stage 3	695.78	696.17	(0.39)	695.58	0.59
Subtotal for NPA (B)		**3,202.79**	**1,863.27**	**1,339.52**	**1,005.62**	**857.64**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	5,049.09	10.52	5,038.57	-	10.52
	Stage 2	652.29	7.63	644.66	-	7.63
	Stage 3	-	-	-	-	-
Subtotal (C)		**5,701.38**	**18.15**	**5,683.23**	**-**	**18.15**
	Stage 1	67,648.10	478.62	67,169.48	248.86	229.76
	Stage 2	6,270.27	886.24	5,384.03	44.09	842.15
	Stage 3	3,202.79	1,863.27	1,339.52	1,005.62	857.65
Total (A+B+C)		**77,121.16**	**3,228.13**	**73,893.03**	**1,298.57**	**1,929.56**

The Company has considered 5% additional provision in respect of accounts which are default but standard upon extending asset classification benefit based on RBI circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and provisioning in terms of COVID19 Regulatory Package.

46 Disclosure pursuant to RBI notification DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 pertaining to Liquidity Risk Management Framework

(Amounts are in INR Million)

	Particulars	Quarter ended 31 March 2022		Quarter ended 31 December 2021		Quarter ended 30 September 2021		Quarter ended 30 June 2021		Quarter ended 31 March 2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**
	High quality liquid assets										
1	Total high quality liquid assets	2,104.20	2,104.20	1,273.27	1,273.27	1,036.81	1,036.81	1,063.09	1,063.09	1,033.77	1,033.77
	- Cash	125.61	125.61	76.21	76.21	95.15	95.15	83.46	83.46	190.93	190.93
	- Government Securities	1,978.59	1,978.59	1,197.06	1,197.06	941.66	941.66	979.63	979.63	842.84	842.84
	Cash outflows										
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	2,720.17	3,128.19	2,145.04	2,466.80	1,611.12	1,852.78	2,097.82	2,412.50	1,634.38	1,879.53
4	Secured wholesale funding	571.47	657.19	85.84	98.72	32.24	37.08	181.45	208.67	1,033.75	1,188.81
5	Additional requirements, of which	-		-		-		-			
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	392.97	451.92	460.87	530.00	367.23	422.32	343.02	394.48	735.88	846.27
7	Other contingent funding obligations	639.94	735.93	606.22	697.16	536.82	617.34	732.72	842.62	716.02	823.43
8	**Total cash outflows**	**4,324.55**	**4,973.23**	**3,297.97**	**3,792.67**	**2,547.40**	**2,929.51**	**3,355.01**	**3,858.26**	**4,120.03**	**4,738.04**
	Cash inflows										
9	Secured lending	-	-	-	-	-	-	-	-	-	-
10	Inflow from fully performing exposures	2,915.40	2,186.55	2,957.78	2,218.33	2,218.33	2,215.09	2,682.78	2,012.08	3,798.62	2,848.97
11	Other cashflows***	25,252.62	18,939.46	23,820.20	17,865.15	17,865.15	17,035.53	20,396.01	15,297.01	1,079.49	809.62
12	**Total cash inflows**	**28,168.01**	**21,126.01**	**26,777.98**	**20,083.48**	**20,083.48**	**19,250.62**	**23,078.79**	**17,309.09**	**4,878.11**	**3,658.59**
13	**Total HQLA**		**2,104.20**		**1,273.27**		**1,036.81**		**1,063.09**		**1,033.77**
14	**Total net cash inflows/(outflows)**		**1,243.31**		**948.17**		**732.38**		**964.57**		**1,184.51**
15	**Liquidity coverage ratio (%)**		**169%**		**134%**		**142%**		**110%**		**87%**

* The average unweighted amounts are calculated by taking the simple average of Daily observations for calendar quarter.

** The average weighted amounts are calculated by applying the RBI predefined stress percentage to cash inflows and outflows.

*** Other cash inflows include available committed lines of credit .

Notes :

1. In order to strengthen and raise the standard of the Asset Liability Management (ALM) framework applicable to NBFCs, Reserve Bank of India ("RBI") has decided to revise the extant guidelines on liquidity risk management for NBFCs. RBI has issued a circular in that aspect vide circular RBI/2019-20/88, DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 which requires NBFCs to adhere to guidelines of liquidity coverage ratio.
   Liquidity coverage ratio (LCR) standard is introduced in order to ensure that a NBFC's has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

2. As per the RBI guidelines, all non-deposit taking NBFCs with asset size of ₹ 5,000 crore and above but less than ₹ 10,000 crore, shall be required to minimum LCR in the phased manner from 1 December, 2020 as given below.

From	1 December 2020	1 December 2021	1 December 2022	1 December 2023	1 December 2024
Minimum LCR	30%	50%	60%	85%	100%

3. Liquidity management is driven by the ALM Policy, approved by the Board. The Treasury department of the Company reports to Asset Liability Management Committee (ALCO).
4. The Company has HQLA in form of Cash balances, Government Securities & T-bills issued by Central Government. No haircut is required on these assets for the purpose of LCR as per RBI circular.
5. Primary components of the outflows are repayment of existing debts, undrawn uncommitted lines, other contractual funding obligations, etc. Primary components of the inflows are collection from business receivables, fixed deposits with bank etc.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

47 Disclosure pursuant to SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613, dated 10 August 2021

(Amounts are in INR Million)

S.No.	Particulars	Details
1	Name of the company	Toyota Financial Services India Limited
2	CIN	U74900KA2011FLC058752
3	Financial year	2021-22
4	Highest credit rating during the previous FY along with name of the credit rating agency	CRISIL AAA (Stable) & CRISIL A1+ by CRISIL Limited ICRA AAA (Stable) & ICRA A1+ by ICRA Limited
5	Security listed	Debt listed - Non Convertible Debenture
6	Outstanding borrowing of company as on 31st March, 2022 (based on audited financials)	58,640.60
7	Whether framework applicable?	Yes
8	Details of the current block	
i	2-year block period	2021-22, 2022-23
ii	Incremental borrowing in the current FY (a)	10,650.00
iii	Mandatory borrowing through debt securities in the current FY (b) = 25% of (a)	2,662.50
iv	Actual borrowings done through debt securities in the current FY 2021-22 (c)	5,000.00
v	Shortfall in the borrowing through debt securities, if any, for FY 2020-21 carried forward to FY 2021-22 (d)	Nil
vi	Quantum of (d), which has been met from (c): (e)	Nil
vii	Shortfall, if any, in the mandatory borrowing through debt securities for FY 2021-22 {after adjusting for any shortfall in borrowing for FY 2020-21 which was carried forward to FY 2021-22 } (f)= (b)-[(c)-(e)]	Nil
9	Details of penalty to be paid, if any, in respect to previous block	
i	2-year block period	2020-21, 2021-22
ii	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	Nil
10	Compliance Status	Complied

48 Disclosure pursuant to RBI Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 pertaining to Resolution Framework for COVID-19-related Stress

(Amounts are in INR Million, except Number of accounts)

Type of borrower*	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans	311.43	0.95	-	19.65	290.83
Corporate persons**	189.53	-	-	24.11	165.42
of which MSMEs	182.31	-	-	24.06	158.25
Others	-	-	-	-	-
Total	500.96	0.95	-	43.76	456.25

* Auto loans and auto related loans

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

49 The Indian Parliament has approved the Code on Social Security, 2020 which may impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be determined. The Company will complete their evaluation and will give appropriate impact in the financial statements in the year in which, the Code becomes effective and the related rules to determine the financial impact are notified.

50 The Company has not transferred and acquired loans to / from other entities during the current year and previous year.

51 The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the current year and previous year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

52 The Company has not traded or invested in Crypto currency or Virtual Currency during the current year and previous year.

53 The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

54 The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

55 The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b)provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

56 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

57 The below table shows transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(Amounts are in INR Million)

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at current period	Relationship with the Struck off company, if any
Ind Aus Infrastructure Pvt Ltd	Loans	0.46	Customer
Omkarni Infrastructure Pvt Ltd	Loans	0.39	Customer
Gatik Business Solutions Pvt Ltd	Loans	0.19	Customer
Glomantix Private Limited	Loans	1.55	Customer
A R Automobiles Private Limited	Loans	0.51	Customer
MJB Infratech Pvt Ltd	Loans	0.78	Customer

58 RBI vide Circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances Clarifications" (IRACP) has clarified / harmonized certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The Company is taking necessary steps to comply with the norms / changes for regulatory reporting, with effect from 1 October 2022 as clarified vide circular dated 15 February 2022. For the year ended 31 March 2022, those borrower accounts classified as NPA which have not paid the entire arrears of principal and interest have been classified as Stage 3 assets.

59 Indian economy was able to recover rapidly from the COVID second wave. The impact of the third wave was not pervasive and the Country witnessed mainly localized lockdowns, night curfews, etc. Rapid pace of vaccination has ensured faster normalization of the third wave. The extent to which the COVID-19 will continue to impact the Company's performance depend on ongoing as well as future developments like covid waves, which are uncertain, including, among other things, actions to contain its spread internationally, pace of normalization of economic activity and consequentially the delinquency trends.

The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. Taking into consideration the impact arising from the COVID-19 pandemic on the economic environment, the Company has, during the year, continued to undertake a risk assessment of its credit exposures and in addition to the model determined ECL provision, it has recorded additional management overlay in the Balance sheet, to reflect deterioration in the macroeconomic outlook and other factors. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macro- economic factors impacting the operations of the Company.

As per our report of even date attached

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

For and on behalf of the Board of Directors of
Toyota Financial Services India Limited

Swapnil Kale
Partner
Membership No. 117812

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

California
23 May 2022

Manabu Ueno
Whole-time Director
DIN:08635145

Bangalore
23 May 2022

Anupam Vasdani
Chief Financial Officer

Bangalore
23 May 2022

R Nithya Prabhu
Company Secretary
Membership No. F9087

Bangalore
23 May 2022

Mumbai
23 May 2022

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Annexure 1 forming part of the financial statements for the year ended 31 March 2022

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company

(as required in terms of Paragraph 18 of Master Direction-Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Amounts are in INR Million)

	Particulars	31 March 2022 Amount outstanding	31 March 2022 Amount overdue	31 March 2021 Amount outstanding	31 March 2021 Amount overdue
Liabilities Side					
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debentures # : Secured*	20,088.11	-	16,224.17	-
	: Unsecured	3,646.17	-	7,188.28	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred credits	-	-	-	-
	(c) Term loans*	33,416.78	-	33,647.09	-
	(d) Intercorporate loans and borrowing	-	-	-	-
	(e) Commercial paper	1,489.55	-	-	-
	(f) Other loans (working capital loans from banks and book overdraft)	-	-	-	-
(2)	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures	-	-	-	-
	where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

* Including Interest accrued but not due
\# Balances as per financials as computed under IND AS under Effective Interest Rate 'EIR'

	Particulars	31 March 2022	31 March 2021
Asset Side			
(3)	Break-up of loans and advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	67,552.79	68,209.81
	(b) Unsecured*	-	-
(4)	Break-up of leased assets and stock on hire and other assets counting towards asset financing activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	17.05	1.53
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other loans counting towards asset financing activities	-	-
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
(5)	Break-up of investments :		
	Current investments:		
	1. Quoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	2,419.40	989.15
	(v) Others	-	-
	2. Unquoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

* Excludes advance income tax/tax deducted at source (net of provisions) and other advances (not related to lending activity)

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2022

Annexure 1 forming part of the financial statements for the year ended 31 March 2022

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company

(Amounts are in INR Million)

Particulars	31 March 2022	31 March 2021
Long term investments		
1. Quoted		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-

Please see note 2 below

Category	31 March 2022 Amount net of provisions			31 March 2021 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
('c) Other related parties	-	-	-	-	-	-
2. Other than related parties*	67,552.79	-	67,552.79	68,209.81	-	68,209.81
Total	67,552.79	-	67,552.79	68,209.81	-	68,209.81

*Provision for impairment of loans have been bifurcated on weighted average basis of secured and unsecured loan amount as disclosed in the financials.

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Please see note 3 below)

Category	31 March 2022 Market Value/ Break-up or fair value or NAV	31 March 2022 Book Value (Net of Provisions)	31 March 2021 Market Value/ Break-up or fair value or NAV	31 March 2021 Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries**	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other than related parties	-	-	-	-
2. Other than related parties				
Total	-	-	-	-

** As per Accounting Standard of ICAI (Please see Note 3)

(7) Other Information

	Particulars	31 March 2022	31 March 2021
(i)	Gross non performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	3,804.73	3,202.79
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	2,153.04	1,863.27
(iii)	Assets acquired in satisfaction of debt	-	0.60

Notes:

1. The provision -point xix of paragraph 3 of chapter -2 of the Directions is applicable to NBFC-MFI.

2. Provisioning norms shall be applicable as prescribed in Master Direction-Non-Banking Financial Company-Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting (AGM) of the Members of Toyota Financial Services India Limited will be held on Thursday, September 22, 2022, at 12.00 noon (IST), through Video Conferencing ("VC") via Microsoft Teams / Other Audio-Visual Means (OAVM), deemed to be held at the registered office of the Company at No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar, Bengaluru 560025 to transact the following business:

Ordinary Business:

1. **To receive, consider and adopt the Audited Financial Statements of the Company as on March 31, 2022, including the Audited Balance Sheet as on March 31, 2022, the Statement of Profit and Loss and the Cash Flow Statement for the year ended as on that date together with Reports of Directors (Boards' Report) and Auditors thereon.**

2. **To re-appoint Mr. Manabu Ueno (DIN: 08635145), who retires by rotation, being eligible, offers himself for reappointment.**

3. **To ratify the appointment and approve continuation of Statutory Auditor of the Company**

   To consider and, if thought fit, to pass, with or with modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, RBI guidelines on appointment of Statutory Auditors of NBFCs issued on April 27, 2021, and any other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of the Audit Committee and the Board of Directors of the Company, the appointment of M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W) be and is hereby ratified to continue to hold office for a period of 3 (three) consecutive years till the conclusion of the 13th (Thirteenth) Annual General Meeting of the Company to be held in the year 2024, subject to the firm satisfying the eligibility norms each year, at a remuneration to be determined by the Board of Directors or any other person(s) authorized by the Board of Directors or the Audit Committee for Financial Year 2022-23 including fees payable for Limited Review Reports, Regulatory Certificates and Tax Audit but excluding actual travelling and out of pocket expenses incurred in connection with the audit, fees for other non-audit services / certifications, taxes as applicable, during the appointed period, with a power to the Board/Audit Committee to alter, vary and finalise the terms and conditions of appointment, as may be deemed necessary.

RESOLVED FURTHER THAT the Board of Directors (including the Audit Committee of the Board) be and is hereby authorised do all such other acts, matters, deeds and things as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto”

Special Business:

4. Issue of Non - Convertible Debentures:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT subject to the provisions of Section 180 (1) (c), Section 42, Section 71 and all other applicable provisions of the Companies Act, 2013 and rules & regulations made there under, Master direction of Reserve Bank of India for Non-Banking Financial Company dated September 01, 2016 (“RBI Master Direction”), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment to any of the foregoing and other applicable laws, guidelines, direction, the consent of the Members of the Company be and is hereby accorded, to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), for a period of 1 (one) year from the date hereof, to raise funds for eligible activities as per applicable laws, by way of issuance of Non-Convertible Debentures, secured or unsecured, fixed rate or market/benchmark linked, on private placement basis, in one or more tranches / series, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors, based on the prevailing market condition, provided that the aggregate amount to be raised through the issuance of the Non-Convertible Debentures pursuant to the authority under this resolution along with the Non-Convertible Debentures already issued by the Company remains below the limit of Rs. 45,000 Million (Rupees Forty-Five Thousand Million only)

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof), be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution”

5. **Re-appointment of Ms. Sunita Handa (DIN: 08215176) as an Independent Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification or re-enactment thereof for the time being in force), the SEBI LODR, the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and Rules/ Regulations/ Guidelines, if any, prescribed by the relevant authorities from time to time, on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to re-appoint Ms. Sunita Handa (DIN: 08215176), as an Independent (Woman) Director of the Company, not liable to retire by rotation, for a second term of two years effective from September 10, 2022, and shall hold office up to September 9, 2024, and in respect of whom the Company has received a notice under provisions of Section 160 of the Act, proposing her candidature for the office of the Director.

6. **Appointment of Mr. Masayoshi Hori (DIN: 09602549) as a Non-Executive Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 152 of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, and all other applicable provisions of the Act (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and Rules/ Regulations/ Guidelines, if any, prescribed by the relevant authorities from time to time, on the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Masayoshi Hori (DIN: 09602549), who was appointed as an Additional Director in the category of Non-Executive Non-Independent Director effective August 3, 2022, who cease to hold office at the ensuing Annual General Meeting, be and is hereby appointed as a Director in the category of Non-Executive Non-Independent Director of the Company, who shall be liable for retirement by rotation"

"**RESOLVED FURTHER THAT** any Director of the Company or the Chief Financial Officer or the Company Secretary, be and are hereby severally authorized to do such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs."

By order of the Board of Directors

For **Toyota Financial Services India Limited**

Sd/-

Date: August 12, 2022

Place: Bangalore

Nithya Prabhu R

Company Secretary

ICSI Membership No: F9087

NOTES:

1. A Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), relating to the item number 3 to 6 to be transacted at the meeting is annexed hereto.

2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to 'Clarification on holding of annual general meeting (AGM) through VC read with General Circular No. 14/ 2020 dated April 8, 2020 and the General Circular No. 17/ 2020 dated April 13, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19' and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means" and Clarification on passing of Ordinary and Special resolutions by the Companies under the Companies Act, 2013 read with rules made thereunder on account of COVID-19-Extension of timelines dated May 5, 2022, read with Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) dated May 5, 2022 (collectively referred to as 'MCA Circulars'), permitted the holding of the AGM through VC, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act & MCA Circulars, the 11th AGM of the Company is being held through VC on Thursday, September 22, 2022 at 12.00 PM (IST). The procedure for joining the AGM through VC/ OAVM is mentioned in this Notice

3. The deemed venue for the 11th AGM will be the registered office of the Company.

4. As the Annual General Meeting will be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

5. Corporate Members intending to have their authorized representatives to attend and vote at the Meeting are requested to send a scanned copy of authorizing their representative to attend and vote on their behalf at the Meeting to the Company at the following email ID: cs@tfsin.co.in

6. In line with MCA Circulars, the Notice calling the AGM along with the Annual Report for FY 2021-22 is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and the Annual Report will also be available on the website of the Company at www.toyotafinance.co.in

7. The statutory registers maintained under the Act, all documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company during normal business hours from 11 AM to 1 PM (IST) on all working days, up to and including the date of the Annual General Meeting of the Company.

Instructions for Members for attending the AGM through VC are as under:

1. The Members will be provided with a facility to attend the AGM through two-way VC through the Microsoft Teams system, and they may access the same through the link to be shared by the Company separately before the meeting. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Act. The Notice convening the 11th AGM will be uploaded on the website of the Company at www.toyotafinance.co.in

2. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting.

3. Members are encouraged to submit their questions in advance with respect to the Accounts or the business to be transacted at the AGM. These queries may be submitted from their registered e-mail address, mentioning their name to reach the Company's e-mail address at cs@tfsin.co.in before 1.30 PM (IST) on Friday, September 16, 2022. The designated email ID for casting vote, if demanded for poll at AGM will be cs@tfsin.co.in.

TOYOTA FINANCIAL SERVICES

4. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered e-mail address mentioning their name at cs@tfsin.co.in before 1.30 PM (IST) on Friday, September 16, 2022. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

5. Further, Members may join the AGM through VC facility through Microsoft Teams link to be shared separately, by following the instructions provided here. Such facility shall be kept open for the Members 15 minutes before the scheduled time of the commencement of the AGM.

6. Members who need assistance before or during the AGM, can contact IT Service Desk of the Company on +1-800-258-9099 / itservicedesk@tfsin.co.in or Mr. Nithya Prabhu on +91-98940-89913 / r.nithyaprabhu@tfsin.co.in.

By order of the Board of Directors

For **Toyota Financial Services India Limited**

Sd/-

Nithya Prabhu R

Company Secretary

ICSI Membership No: F9087

Date: August 12, 2022

Place: Bangalore

TOYOTA FINANCIAL SERVICES

Annexure to Notice:

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

Item no. 3:

The Board of Directors at its meeting held on September 2, 2021, had approved appointment of M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W) as Statutory Auditor of the Company, to fill the causal vacancy caused due to ineligibility of M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) to continue as the Statutory Auditor of the Company in terms of the Circular issued by Reserve Bank of India vide no. RBI/2021- 22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), to hold office for a continuous period of three years until the conclusion of 13th AGM of the Company to be held in year 2024 at a remuneration of Rs. 60,00,000 for Financial Year 2021-22 including fees payable for Limited Review Reports, Regulatory Certificates and Tax Audit but excluding actual travelling and out of pocket expenses incurred in connection with the audit, fees for other non-audit services / certifications, taxes as applicable, during the appointed period.

The Shareholders through resolution passed at the 10th AGM held on September 28, 2021, had approved appointment M/s. MSKA & Associates, Chartered Accountants as Statutory Auditor of the Company for a continuous period of three years until the conclusion of 13th AGM of the Company to be held in year 2024 in terms of the RBI Guidelines.

The RBI Guidelines stipulates that the Company shall appoint Statutory Auditor for a continuous period of three years, subject to the Statutory Auditor satisfying the eligibility norms as stipulated therein, each year. RBI being the sectoral regulator, the Company had appointed the Statutory Auditor as per the RBI guidelines for a period of 3 years.

Hence, as a prudent practice, it is now proposed to seek ratification for continuation of Statutory Auditor in the AGM of the Company, for a period of three years until the conclusion of 13th AGM of the Company to be held in year 2024, at a remuneration to be determined by the Board of Directors or any other person(s) authorized by the Board of Directors or the Audit Committee including fees payable for Limited Review Reports, Regulatory Certificates and Tax Audit but excluding actual travelling and out of pocket expenses incurred in connection with the audit, fees for other non-audit services / certifications, taxes as applicable, during the appointed period. M/s. MSKA & Associates, Chartered Accountants, have provided their consent and confirmed their eligibility to continue as Statutory Auditor of the Company as laid under the applicable provisions of Section 141 of the Companies Act, 2013 read with the relevant rules made thereunder and the RBI Guidelines.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise in passing of the Resolution at Item No. 3 of the accompanying Notice.

The Board recommends the Resolution at Item No. 3 of the accompanying Notice for approval of the Members.

Item no. 4:

The Company has been raising funds by issuing redeemable Non-Convertible Debentures, secured or unsecured (hereinafter referred to as "Debt Securities"), on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of Debt Securities of the Company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make private placement of its Debt Securities only after receipt of prior approval of its shareholders by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said Special Resolution must be passed in respect of all offers/invitations for the Debt Securities to be issued during a year and such a special resolution is required to be passed every year.

Accordingly, the Shareholders are requested to provide necessary approvals to the Board of the Company for raising funds through the issuance of Non-Convertible Debentures for a period of 1 year, within the borrowing limits approved by the Shareholders. The proceeds of the Issue will be utilized for eligible activities as per applicable laws and shall not be used for investment in capital markets and real estate or any other restricted purpose specified by the RBI.

The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of non-convertible debentures by the Company for a period of 1 year from the date on which the Shareholders have provided the approval by way of Special Resolution. All Non-Convertible Debentures issued by the Company pursuant to such authority granted by the Shareholders shall be priced on the basis of the prevailing market conditions and as may be approved by the Board at such time.

The shareholders at the 10th AGM held on September 28, 2021 had accorded their approval to the Company for issuance of Non-Convertible Debentures up to a limit of Rs. 45,000 Million (Rupees Forty-Five Thousand Million only). As on March 31, 2022 the NCDs raised by the Company stands at Rs. 19,750 Million.

The NCDs proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Resolution at Item No. 4 of the accompanying Notice for approval of the Members as an Ordinary Resolution.

Item no. 5:

On September 2, 2021, the Board of Directors had appointed Ms. Sunita Handa as an Additional Director (Category - Independent) of the Company effective September 10, 2021, for a term of 1 year till September 9, 2022, subject to shareholders' approval. The Nomination and Remuneration Committee and the Board have recommended the appointment of Ms. Sunita Handa as an Independent Director in the 10th AGM of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013. The shareholders of the Company at their meeting held on September 28, 2021, approved the said appointment.

In terms of the Companies Act, 2013, the Nomination and Remuneration Committee and the Board have recommended the re-appointment of Ms. Sunita Handa as an Independent Director pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, for a second term of two years effective from September 10, 2022, to September 9, 2024,

The Company has also received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing the candidature of Ms. Sunita Handa to be appointed as Director of the Company.

The Company has received a declaration from Ms. Sunita Handa confirming that she meets the criteria of independence under the Companies Act, 2013, and other applicable Regulations. Further, the Company has also received her consent to act as a Director in terms of section 152 of the Companies Act, 2013, and a declaration that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

The Company had conducted performance evaluation of the Directors, Board as whole and the Committees etc. as required under the provisions of the Companies Act, 2013, and SEBI regulations at their meeting held on February 10, 2022. The result of performance evaluation of Ms. Sunita Handa was satisfactory.

In the opinion of the Board, Ms. Sunita Handa fulfils the conditions specified in the Companies Act, 2013, and rules made thereunder for re-appointment as an Independent Director of the Company and is independent of the management. Further, the Board of Directors of the Company is of the opinion that Ms. Sunita Handa is a person of integrity and has relevant experience and expertise to be re-appointed as Independent Director of the Company.

Ms. Sunita Handa will be entitled to receive remuneration by way of sitting fees as approved by the Board of Directors and reimbursement of expenses for participation in the Board / Committee Meetings.

Ms. Sunita Handa is a seasoned banking professional from State Bank of India (SBI) with over three decades of insightful experience, more than half of it in technology initiatives and implementations involving inter-alia; Tech-Channels, Fintechs, Payment Systems, Digital for MSMEs, Corporates & Governments and digitalization in SBI's Overseas Offices. She is an energetic and enthusiastic Team Leader with a proven track record of business & revenue enhancement and digital transformation by management of large-scale technology projects using her exceptional analytical skills. Headed teams that are responsible for developing and implementing Bank's various technology initiatives in Mobility, e-Commerce, ATMs, SWIFT, Treasury, Payments, UPI, Digital Collections/ Payments/ Cash Management for MSMEs, Corporates and Govts. as also the tech operations in Bank's offices in 25 countries across the Globe. The Board of Directors is of the opinion that it would be in the interest of the Company to appoint her as an Independent Director for a second term of two year with effect from September 10, 2022.

Draft letter of appointment of Ms. Sunita Handa setting out the terms and conditions of appointment is being made available for inspection by the Members through electronic mode.

Additional information in respect of Ms. Sunita Handa pursuant to the Secretarial Standards on General Meetings is provided at Annexure A to this Notice. A brief profile of Ms. Sunita Handa is also provided at Annexure B to this Notice.

Except Ms. Sunita Handa and/or her relatives, none of the Directors and Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

The Nomination and Remuneration Committee and the Board recommend the Resolution at Item No. 5 of the accompanying Notice for approval of the Members as a Special Resolution.

Item no. 6:

Mr. Masayoshi Hori (DIN: 09602549) was appointed as an Additional Non-Executive Director with effect from August 3, 2022, to hold office till the date of this AGM pursuant to provisions of Section 161 of the Companies Act, 2013, Rules made thereunder read with Articles of Association of the Company. Mr. Masayoshi Hori being eligible is proposed to be appointed as a Non-Executive Director of the Company who shall be liable for retirement by rotation.

The Company has also received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing the candidature of Mr. Masayoshi Hori to be appointed as Director of the Company.

Additional information in respect of Mr. Masayoshi Hori pursuant to the Secretarial Standards on General Meetings is provided at Annexure C to this Notice.

Except Mr. Masayoshi Hori, none of the Directors and Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

The Nomination and Remuneration Committee and the Board recommend the Resolution at Item No. 6 of the accompanying Notice for approval of the Members as an Ordinary Resolution.

By order of the Board of Directors
For **Toyota Financial Services India Limited**

Sd/-

Date: August 12, 2022
Place: Bangalore

Nithya Prabhu R
Company Secretary
ICSI Membership No: F9087

ANNEXURE-A

Details of Ms. Sunita Handa, Director seeking re-appointment at the 11th AGM to be held on September 22, 2022:

Name of the Director	Ms. Sunita Handa
Date of Birth	August 31, 1961
Age	60 Years 11 Months
Date of First appointment on the Board	10-Sep-2021
Relationship with Directors and Key Managerial Personnel	Nil
Expertise in specific functional area	Ms. Sunita Handa is a seasoned banking professional from Bank with over three decades of insightful experience, more than half of it in technology initiatives and implementations. Technology implementations led by her in Payment Systems, Transaction Banking & Finance for Individuals, MSMEs & Corporates have elevated Bank to leadership position in Digital Banking and winner of IBA's Best Technology Bank Award.
Qualification(s)	M.Sc (Maths), CAIIB, Executive Leadership Program (Wharton)
Number of Meetings of the Board attended during the year	Ms. Sunita Handa has attended all the four (4) Board Meetings held during her tenure
Board Membership of other Companies	Nil
Chairmanships / Memberships of the Committees of other public limited companies	Nil
Number of equity shares held in the Company	Nil

TOYOTA FINANCIAL SERVICES

ANNEXURE-B

Brief profile of Director seeking re-appointment at the 11th AGM to be held on September 22, 2022:

Ms. Sunita Handa has done M.Sc in Maths from Delhi University. She is a seasoned banking professional from State Bank of India (SBI) with over three decades of insightful experience, more than half of it in technology initiatives and implementations involving inter-alia; Tech-Channels, Fintechs, Payment Systems, Digital for MSMEs, Corporates & Governments and digitalisation in SBI’s Overseas Offices. She was posted in Frankfurt (2008 to 2012) as Sr VP to head Bank’s IT operations in Germany. An energetic and enthusiastic Team Leader with a proven track record of business & revenue enhancement and digital transformation by management of large-scale technology projects using her exceptional analytical skills. She has headed the teams that are responsible for developing and implementing Bank's various technology initiatives in Mobility, e-Commerce, ATMs, SWIFT, Treasury, Payments, UPI, Digital Collections/ Payments/ Cash Management for MSMEs, Corporates and Govts. as also the tech operations in Bank’s offices in 25 countries across the Globe. She was a director on the Board of SWIFT India DS Pvt. Ltd., Member of the NPCI Innovation Council. She was also honoured by The Economic Times with the prestigious Digital Warriors Award for leading The Best Transitions during Pandemic.

Annexure – C

Details of Mr. Masayoshi Hori, Director seeking appointment at the 11th AGM to be held on September 22, 2022:

Name of the Director	Mr. Masayoshi Hori
Date of Birth	January 17, 1961
Age	61 years 6 months
Date of First appointment on the Board	August 3, 2022
Relationship with Directors and Key Managerial Personnel	Nil
Expertise in specific functional area	About 29 years of experience in Automobile and Automobile Finance Industry
Qualification(s)	Kwanseigakunin University [1979] (Business Administration)
Number of Meetings of the Board attended during the year	Mr. Masayoshi Hori has attended One (1) Board Meeting held during his tenure as an Additional Director
Board Membership of other Companies	Nil
Chairmanships / Memberships of the Committees of other public limited companies	Nil
Number of equity shares held in the Company	Nil