



**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**CIN: U74900KA2011FLC058752**

**REGD. OFFICE:** No. 21. Centropolis, First Floor, 5<sup>th</sup> Cross,  
Langford Road, Shanti Nagar, Bangalore 560025

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**4<sup>TH</sup> ANNUAL REPORT 2014-15**

## MD & CEO MESSAGE

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Dear Shareholders,

Firstly, I would like to thank you for your continued support and understanding.

We have completed 3 successful years of operations in India in June 2015. Last 3 years have been very exciting and it has seen your company achieve many important milestones and become the most preferred finance partner for Toyota customers.

We believe that a car adds happiness to people's lives and we are committed to ensure Toyota customers in India are provided with a happy car life throughout their journey. TFSIN strives to provide its customers with the best customized financial services support in the industry, through its three pillars of Transparency, Fairness and Simplicity.

It is a great pleasure to report that we have been able to add happiness to more than 40,000 customers by helping them own their dream Toyota car. Today our services are well integrated with the car sales process which gives customers a quick and seamless offering.

In line with our business plan, last financial year we expanded our business to cover more than 77 cities and 155 Toyota dealerships, this means that we are able to reach more Toyota customers across India and offer them our financial products and services.

Indian economy is expected to continue its recovery with economic reforms by the government, easing inflation, and reducing fiscal and current account deficit. Growth expectation of auto-finance sector is also robust supported by lowering interest rate environment and shortening car ownership period. With this tailwind, we will further develop our business capability to acquire real competitiveness and achieve sustainable growth.

We are sure that in years to come, your company would continue to exceed Toyota customers' expectations and keep the position of their first preferred car finance partner.

Best Wishes!



Kazuki Ogura

MD & CEO



## HISTORY OF TOYOTA FINANCIAL SERVICES

Toyota group started its financial services arm with an objective to provide customers with unique and innovative finance solutions to support Toyota sales worldwide.

The first financial services operations commenced in Sydney, Australia in 1982 as Toyota Finance Australia Limited and were soon followed by operations in the USA, Canada, Europe, Asia and Oceania. With an experience of 30 years in the field of auto-finance, the group has expanded significantly both in terms of geographical reach and customer base.

Headquartered in Nagoya, Japan, Toyota Financial Services Corporation, wholly-owned by Toyota Motor Corporation, was established in 2000 as a holding company of financial services arms so that the group can enhance speedy decision making, strategic planning, and robust risk management. The group has grown and currently employs approximately 10,300 employees with assets in excess of \$180 billion. To meet the financing needs of Toyota customers, the group has expanded its global presence to cover over 35 countries across multiple regions, now serves over 23 million customers globally.



## TOYOTA FINANCIAL SERVICES IN INDIA

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### THE GENESIS

Toyota group has recognized the potential of the Indian automobile market and has identified it as a key market for global growth. Toyota Financial Services India Ltd (TFSIN) was established in May 2011 as the Indian subsidiary of Toyota Financial Service Corporation. TFSIN has been setup under the guidance of its MD & CEO Mr. Kazuki Ogura who has put together a diligent team.

We strive to provide customers an easy and comfortable experience for owning their dream Toyota Car. Through our global expertise, we offer a bouquet of unique products and services which cater to Toyota customer's requirements throughout the car life. Thanks to our partnership with the Toyota dealer network we have placed a dedicated Finance Executive at each dealer location to ensure that customers are much closer to their dream Toyota car.

### ONE TEAM, ONE DREAM

TFSIN and Toyota Kirloskar Motors Limited work in close collaboration to create synergy to offer a seamless car life experience to Toyota customers.



## OUR MISSION

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### CORE PRINCIPLE

We believe a car adds happiness to people's lives. We are committed to supporting people in owning a car and becoming happy.

### MISSION

Our Mission is to pleasantly exceed our customers' expectations and become their first preferred car finance partner and be rewarded with a smile. We achieve this with a team which is highly motivated and enjoys their work. Our employees are our most valuable assets.

### BELIEFS & VALUES

Creativity, Challenge and Courage, Transparency, Fairness and Simplicity.



## OUR PRODUCT & SERVICES

The Toyota Family is spread across the world and is home to millions of Happy Customers!

At Toyota Financial Services, we understand that every customer's financial requirements are unique. We have designed a range of products from which customers can choose the one that suits their requirements best.

Unique & Customized finance schemes are based on our core philosophy of "customer for life". Transparency, fairness and simplicity are our guiding principles ensuring customer delight and loyalty right through the car ownership lifecycle.



### TAILOR-MADE, CONVENIENT, HASSLE FREE.

- Innovative products
- Customized finance options



### POCKET FRIENDLY.

- Allows easy upgrade
- Lower monthly payments



### EASY, TRANSPARENT, CUSTOMER FRIENDLY.

- Minimum documentation
- No hidden charges



### QUICK, SIMPLE.

- Speedy processing
- Effective communication throughout the approval process



### GUIDANCE, ADVICE, INSTANT.

- Trained and qualified experts at every dealership
- Sound advice based on customers' needs
- Assistance in all documentation and calculations



### ALL INCLUSIVE.

- Comfortably included in repayment
- Free up cash for other needs



### FINANCIAL FREEDOM, EASY LIQUIDITY.

- Funding on the ex-showroom price
- Saving of down payment
- Free up cash for other needs



### SECURITY, RISK-FREE.

- Provides financial support in time of need
- Covers customers liability

## KEY STAKEHOLDERS

### BANKERS:

Axis Bank Ltd.  
Bank of Tokyo Mitsubishi UFJ Ltd.  
BNP Paribas  
Citi Bank N.A.  
Deutsche Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
JP Morgan Chase Bank, N.A.  
Kotak Mahindra Bank Ltd.  
Mizuho Corporate Bank Ltd.  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
The Royal Bank of Scotland N.V.  
The Hongkong & Shanghai Banking Corporation Ltd.

### STATUTORY AUDITORS:

Price Waterhouse  
252, Veer Savarkar Marg, Shivaji Park  
Dadar (West), Mumbai - 400 028

### SECRETARIAL AUDITORS:

J Sundharesan & Associates  
Practicing Company Secretaries  
#403, 2/1, 1st Floor, 11th Cross, First N Block,  
Rajajinagar, Bengaluru - 560 010

### INTERNAL AUDITORS:

Brahmayya & Co.,  
Chartered Accountants,  
10/2, Khivraj Mansion,  
Kasturba Road, Bangalore- 560001

### CHIEF FINANCE OFFICER

Akihiko Sekiguchi

### DEBENTURE TRUSTEE

IL & FS Trust Company Limited  
IL & FS Financial Centre,  
Plot No C-22, G Block, Bandra Kurla Complex,  
Bandra East, Mumbai-400051

## BOARD OF DIRECTOR'S AND COMMITTEE'S

### BOARD OF DIRECTORS

Kazuki Ogura- Managing Director & CEO  
Naomi Ishii  
Narayanaswamy Raja  
Yasuhiro Yomoda  
Raman Rengan ( Independent Director)  
Renu Rajani ( Independent Director)

### AUDIT COMMITTEE

Raman Rengan  
Kazuki Ogura  
Renu Rajani

### NOMINATION AND REMUNERATION COMMITTEE

Narayanaswamy Raja  
Naomi Ishii  
Raman Rengan  
Renu Rajani

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Kazuki Ogura  
Narayanaswamy Raja  
Renu Rajani

### ASSET LIABILITY MANAGEMENT COMMITTEE

Kazuki Ogura  
Akihiko Sekiguchi  
Shogo Hayashi  
Amit Kakkar  
Rahul Sinha  
P.S. Sridhar  
Anupam Vasdani

### CREDIT COMMITTEE

Kazuki Ogura  
Akihiko Sekiguchi  
Shogo Hayashi  
Amit Kakkar  
Rahul Sinha  
P.S. Sridhar

### RISK MANAGEMENT COMMITTEE

Kazuki Ogura  
Akihiko Sekiguchi  
Shogo Hayashi  
Rahul Sinha  
P.S. Sridhar  
Anupam Vasdani



## BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their report for the financial year ending March 31, 2015.

### **REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF THE COMPANY:**

The summary of financial results of your Company for the financial year commencing from April 1, 2014 and ending as on March 31, 2015 is hereunder:

*(Amt. In INR Millions)*

PARTICULARS	Year ended March 31, 2015	Year ended March 31, 2014
Total Income	2263.62	999.65
Expenditure	2369.56	1237.25
Profit / (Loss) Before Taxation	(105.94)	(237.60)
Profit / (Loss) After Taxation	(106.04)	(237.60)
Profit / (Loss) Carried to Balance Sheet	(825.85)	(719.81)

Your Directors have also presented to you a management discussion and analysis report containing summary of financial and operational performance of your Company.

### **SHARE CAPITAL:**

Pursuant to the approval granted by the Members at an Extraordinary General Meeting held on March 13, 2015 and receipt of other necessary approvals, in March 2015 your Company increased the authorized share capital to Rs. 7,400,000,000/-. Subsequently, in March, 2015, your company issued 135,714,285 equity shares at Rs. 14/- each (including premium of Rs. 4/- each) to its promoter company Toyota Financial Services Corporation, Japan.

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of your Company as on March 31, 2015 stands at Rs. 5,880,219,770/-.

Your Company is well capitalised and has a Capital Adequacy Ratio ('CAR') as at March 31, 2015 of 22.33%.

### **AMOUNT CARRIED TO RESERVES:**

In view of the loss, your Board of Directors doesn't appropriate any amount to be transferred to General Reserves during the financial year 2014-15.

**DIVIDENDS:**

Since there is no divisible profit for the year under review, no dividend has been recommended by your Board of Directors.

**MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

Nil

**CHANGE IN NATURE OF THE BUSINESS (if any):**

Nil

**PARTICULARS OF EMPLOYEES:**

The table containing the name and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure -2 to the Board's report.

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of INR. 60 lakh or more a month, or employed for part of the year and in receipt of INR. 5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure -2 to the Board's report.

**DETAILS OF THE KEY MANAGERIAL PERSONNEL:**

During the year under review the following were the Key Managerial Personnel of your Company:

<b>Name of the KMP</b>	<b>Designation</b>	<b>Date of Appointment</b>
Kazuki Ogura	Managing Director and Chief Executive Officer	May 20, 2011
Akihiko Sekiguchi	Chief Financial Officer	January 01, 2014
Alka Mishra	Company Secretary	September 08, 2014

**SUBSIDIARY COMPANIES:**

Your Company does not have any subsidiary companies.

### **DEPOSITS:**

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

### **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

### **PARTICULARS OF RELATED PARTY TRANSACTION:**

Particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis  
**Nil**
  
2. Details of contracts or arrangement or transactions at arm's length basis in excess of the limits prescribed under first proviso to section 188 (1) read with item (a) and (c) of rule 12.13(1)  
**Nil**

### **COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:**

In compliance with the provision of Section 178(3), the Nomination and Remuneration Committee has formulated Director's appointment, re-appointment and evaluation policy which provides the criteria for determining if the Director is fit and proper for appointment as a Director, conduct of due diligence while appointment and re-appointment, Director's qualification and independence of a 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 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 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 the 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.

The policy provides for 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

**REMUNERATION OF DIRECTOR AND KMP:**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: 286,500.00 : 22,914,085.00
2. Percentage of increase in remuneration of each Director and CEO in the financial year: 5.57%
3. Percentage increase in median remuneration of employees in the financial year: 4.41%
4. Number of permanent employees on the roll of Company: 238
5. Explanation on the relationship between average increase in remuneration and Company performance: The Company's variable compensation for its managerial personnel is for attracting and retaining the best talent as per industrial standards.
6. Comparison of The Remuneration
  - a. Key managerial personnel against the performance of the Company:  
As a percentage of revenues for FY 2014-15: 1.78%  
As a percentage of profit for FY 2014-15: -37.28%
  - b. Each key managerial personnel against the performance of the Company:

<b>Name of the KMP</b>	<b>Remuneration for FY 2014-15 (In Million) INR</b>	<b>Ratio of remuneration to Revenue</b>
Mr. Kazuki Ogura	22.91	22.91:2234
Mr. Akihiko Sekiguchi	16.22	16.22:2234
Ms. Alka Mishra	0.8	0.8: 2234

7. The key parameters for any variable component of remuneration availed by the Directors: No variable portion was paid to any Director

Your Company is in a growth stage and in this stage it is in the stage of attracting acquiring the best talent available in the industry which will support your Company in these growth years. Your Company believes that our employees are our most valuable assets. Being in the growth stage, the Company does not have any formal remuneration policy but the Company rewards dedication and drive of its employees with significant learning opportunities, career development & competitive compensation remunerated as per the best industry practices.

**EXTRACTS OF THE ANNUAL RETURN**  
*(As per clause a of sub section 3 of Section 134)*

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure 1

**BOARD MEETINGS HELD DURING THE FINANCIAL YEAR: (As per clause (b) of sub section 3 of Section 134):**

The Board of Directors met five times during the year. All the Board Meetings were duly convened and held and also the minutes of the same has been properly recorded.

**DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 134(3)(F):**

In compliance with Section 134(3)(d) 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) The director had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were 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. Renu Rajani on the Board of the Company on March 31, 2015 an Independent Director

**DETAILS OF APPOINTMENT OF INDEPENDENT DIRECTOR AND DECLARATION GIVEN BY INDEPENDENT DIRECTOR:**

Your Company has appointment Mr. Raman Rengan and Ms. Renu Rajani as Independent Directors on March 13, 2015. Mr. Raman and Ms. Rajani have given the declaration under sub-section 6 of Section 134 of the Companies Act, 2013. The declaration has been placed before the Board and the same is taken on records.

**PARTICULARS OF LOANS AND INVESTMENTS MADE BY THE COMPANY:**

Your Company has granted loans to Corporate customers. The number of accounts outstanding as on 31st March, 2015 was approximately 4800 and the aggregate balance outstanding against such loans was Rs. 6.03 Billion.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of energy and Technology absorption:**

Since the Company is not in an energy intensive industry, the particulars as prescribed under Rules 8 (3) of The Companies (Accounts) Rules, 2014 are not set out in the report. Nevertheless the Company is taking adequate steps to conserve energy.

Technology absorption and innovation is a continuous process in the Company. Your Company continuously evaluates new technologies and techniques to make the infrastructure more energy-efficient.

**(B) Foreign exchange earnings and Outgo:**

<i>Foreign Exchange Earnings</i>	<i>Foreign Exchange Outgo (In Millions) INR.</i>
-	1.03

**DETAILS OF RISK MANAGEMENT POLICY AS PER SECTION 134 (3) (n):**

The Company has robust risk management process which is well documented and implemented through the various risk management policies of the Company. The risk management system of the Company is discussed in more detail in the Management Discussion and Analysis Report as part of Annual Report.

In the opinion of the board there are no risks which may threaten the existence of the Company.

**CORPORATE SOCIAL RESPONSIBILITY:**

Your Directors wish to inform you that the Company has constituted a Committee on Corporate Social Responsibility ('CSR') as per the provisions of Section 135(1). The Committee has been constituted with three directors which are Mr. Kazuki Ogura as Chairman and Mr. N Raja & Ms. Renu Rajani as members.

However, since the Company is yet to make profits since its incorporation, there are no funds earmarked and available for CSR Activities. Accordingly the Company could not approve any CSR Policy and no funds were spent for CSR activities.

Your Company strongly believes in contributing back to the Society and shall start engaging in such activities as and when it starts having profits in terms of the section 135 of the Companies Act, 2013

**PERFORMANCE EVALUATION OF THE BOARD AND ITS COMMITTEE:**

Your Company has formulated and adopted on March 13, 2015, a Policy for Directors Appointment, Re-Appointment and Evaluation which provides the criteria for performance evaluation of every Director and of the Board as a whole.

As per the policy, the performance of the Directors and the Board and its Committees will be initiated from the FY 2015-16.

**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 which would impact the going concern status of the Company and its future operations.

**DETAILS OF BOARD AND COMMITTEES OF THE COMPANY:**

Your Company has a duly constituted Board of Directors (BOD) having 1/3<sup>rd</sup> of the Board as Independent Directors and the Board has duly constituted three Committees i.e. Audit Committee (AC), Nomination and Remuneration Committee (NRC) and Corporate Social Responsibility Committee (CSRC). Their Membership is as below:

<b>Directors</b>	<b>BOD</b>	<b>AC</b>	<b>NRC</b>	<b>CSRC</b>
Kazuki Ogura ( MD & CEO,)	✓	✓	x	✓ (Chairman)
Yasuhiro Yomoda (Non-executive Director)	✓	x	x	x
Naomi Ishii (Non- executive Director)	✓	x	✓	x
N Raja (Non-executive Director)	✓	x	✓ (Chairman)	✓
Raman Rengan (Independent Director)	✓	✓ (Chairman)	✓	x
Renu Rajani (Independent Director)	✓	✓	✓	✓

**DETAILS OF VIGIL MECHANISM:**

The Company has framed and implemented a Whistle Blower Policy and Anti Bribery Policy. The Company conducts regular workshops and training sessions to inform and educate the employees about these policies. During the year 2014-15 no incident was reported under these policies.

**AUDITORS:**

The Statutory Auditors, Price Waterhouse LLP, were appointed at the previous Annual General Meeting. They shall retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment. A certificate under Section 139 of the Companies Act, 2013 has been received from them.

**SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s J Sundhareshan and Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company.

The Secretarial audit report in form MR 3 is annexed to the report as Annexure 3.

## ACKNOWLEDGEMENT

Your Directors acknowledge the support and co-operation received from business partners and investors. The Directors are proud and thankful to each and every employee, each of whom has contributed in the growth of the Company. The support received from the Government of India was valuable and is thankfully acknowledged. We thank all our stakeholders for the confidence reposed on us and for the support they have given in building the success of the Company.

<b>For Toyota Financial Services India Limited</b>	<b>For Toyota Financials Service India Limited</b>
<p><i>Sd/-</i></p> <p><b>Kazuki Ogura</b> <b>Managing Director</b></p> <p><b>Date: 24-June-2015</b> <b>Place: Bangalore</b></p>	<p><i>Sd/-</i></p> <p><b>N Raja</b> <b>Director</b></p> <p><b>Date: 24-June-2015</b> <b>Place: Bangalore</b></p>

## ANNEXURE- 1

### Form MGT 9

#### EXTRACTS OF THE ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2015 AS PER CLAUSE A OF SUB SECTION 3 OF SECTION 134 OF THE COMPANIES ACT, 2013.

#### **I. Registration and Other Details:**

- i) CIN:- U74900KA2011FLC058752
- ii) Registration Date: May 20, 2011
- iii) Name of the Company: Toyota Financial Services India Limited
- iv) Category/Sub category of the Company: Non-banking Financial Services Company
- v) Address of the Registered Office and contact details: No. 21 Centropolis, First Floor, 5th Cross, Langford Road, Shanti Nagar, Bangalore, Karnataka, PIN 560025
- vi) Whether listed Company YES/ ~~NO~~
- vii) Name, Address and Contact details of Registrar or Transfer Agent if any  
None for Equity Shares. For Non-convertible Debentures: Karvy Computershare Pvt Limited, Madhapur, Hyderabad

#### **II. Principal Business Activities of the Company:**

The business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No	Name and Description of main products/ Services	NIC code of the product /Services	Percentage of contribution to total turnover (%)
1	Financing of Toyota Vehicles in India	6492 (As per NIC 2008 list)	100%

#### **III. Particulars of Holding, Subsidiary and Associate Companies:**

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary or Associates	Percentage of share held	Applicable Section
1	Toyota Financial Services Corporation Nagoya Lucent Tower 15f-6-1 Ushijima Cho Nishiku Nagoya, Aichi, Japan	NA	Holding	99.999999%	

**IV. Share holding Pattern (Equity share capital Breakup as percentage of Total Equity)**

**i) Category – wise share holding**

Categories of share holders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-
<b>2) Foreign</b>									
NRIs - Individuals	-	-	-	-	-	-	-	-	-
Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp	-	452,307,686	452,307,686	100%	-	588,021,971	588,021,971	100%	30%
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A)</b>	-	452,307,686	452,307,686	100%	-	588,021,971	588,021,971	100%	30%

<b>B. Public share Holding</b>										
<b>1)Institutions</b>	-	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	-	-	-	-	-	-	-	-	-	-
<b>2)Non-Institutions</b>										
a) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	6.00	6.00	0.00%	-	6.00	6.00	0.00%	0.00%	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	-	6.00	6.00	0.00%	-	6.00	6.00	0.00%	0.00%	

<b>Total Public shareholding (B)</b>	-	6.00	6.00	0.00%	-	6.00	6.00	0.00%	0.00%
<b>C. Shares held by custodians for GDR's and ADR's</b>	-	-	-	-	-	-	-	-	-
<b>Grand total (A+B+C)</b>	-	452,307,692	452,307,692	100%	-	588,021,977	588,021,977	100%	30%

**ii) Shareholding of Promoters:**

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Toyota Financial Services Corporation, Japan	452,307,686	99.999999%	0%	588,021,971	99.999999%	0%	30%

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

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares o the Company	No. of shares	% of total shares of the company
	At the beginning of the year	452,307,686	99.999999%	452,307,686	99.999999%

	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	135,714,285	30.00%	588,021,971	99.999999%
	At the End of the year	588,021,971	99.999999%	588,021,971	99.999999%

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

The shareholding of other Top Ten shareholders is below. During the year, there was no change in their shareholding in terms on number of shares or as percentage of total shares of the company

<b>Name of Shareholder</b>	<b>No of shares held</b>	<b>Percentage of total shares of the company</b>
Akitoshi Takemura	1	0.00%
Mao Saka ( <i>Director till March 13, 2015</i> )	1	0.00%

**v) Shareholding of Directors and Key Managerial Personnel:**

**a) Mr. Kazuki Ogura , Managing Director and CEO:**

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1	0.00%	1	0.00%

**b) Mr. Yasuhiro Yomoda , Non-Executive Director:**

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	1	0.00%	1	0.00%

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1	0.00%	1	0.00%

**c) Mr. Naomi Ishii , Non-Executive Director:**

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1	0.00%	1	0.00%

**d) Mr. N. Raja , Non-Executive Director:**

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	1	0.00%	1	0.00%

Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the End of the year	1	0.00%	1	0.00%

The rest of the Directors i.e. Mr. Raman Rengan and Ms. Renu Rajani do not hold any shares in the Company.

The Key managerial Personnel except the Managing Director and CEO above do not hold any shares in the Company.

#### V. **Indebtedness**

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

	<b>Secured Loans excluding deposits (INR in Millions)</b>	<b>Unsecured Loans (INR in Millions)</b>	<b>Deposits</b>	<b>Total Indebtedness(INR in Millions)</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount		8,381		8,381
ii) Interest due but not paid	NIL	-	NIL	-
iii) Interest accrued but not due		26		26
<b>Total (i+ii+iii)</b>		8,407	NIL	8,407
<b>Change in Indebtedness during the financial year</b>				
- Addition	7,232	4,924	NIL	12,156
- Reduction	-	-		-
<b>Net Change</b>	7,232	4,924	NIL	12,156
<b>Indebtedness at the end of the</b>				

<b>financial year</b>				
i) Principal Amount				
ii) Interest due but not paid	7000	13,320	NIL	20,320
iii) Interest accrued but not due	-	-		-
	232	11		243
<b>Total (i+ii+iii)</b>	<b>7,232</b>	<b>13,331</b>	<b>NIL</b>	<b>20,563</b>

## VI. Remuneration of Directors And Key Managerial Personnel

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

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Mr. Kazuki Ogura, Managing Director and CEO.
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	22,914,085 0 0
2	Stock Option	
3	Sweat Equity	0
4	Commission - as % of profit - others, specify...	0
5	Others, please specify	0
	Total (A)	22,914,085
	Ceiling as per the Act	25,752,074

**B. Remuneration to other directors:**

Nil

**C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD**

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
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	22,914,085.00	818,681.00	16,219,481.07	39,532,900.30
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	22,914,085.00	818,681.00	16,219,481.07	39,532,900.30

VII. Penalties / Punishment/ Compounding of Offences  
NIL

For Toyota Financial Services India Limited	For Toyota Financials Service India Limited
<p><i>Sd/-</i></p> <p><b>Kazuki Ogura</b> <b>Managing Director</b></p> <p><b>Date: 24-June-2015</b> <b>Place: Bangalore</b></p>	<p><i>Sd/-</i></p> <p><b>N Raja</b> <b>Director</b></p> <p><b>Date: 24-June-2015</b> <b>Place: Bangalore</b></p>

**Annexure- 2**

To be provided at request of shareholders

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **BUSINESS ENVIRONMENT:**

#### **World Economy**

World Economy continued to grow at modest pace of 3.4 % in 2014. However, the striking feature was pickup in growth in advanced economies (United States) as compared to previous year and slowdown in emerging economies (China).

Inflation either declined or remained low in 2014 in most part of the world due to fall in commodity prices (crude particularly) and low aggregate demand.

US economy is on gradual but steady path to recovery and is expected to grow at 3.0 % in 2015–16. The Eurozone recovery has continued to struggle with its largest economies still remaining weak. Geopolitical strains (like Greece exit from Euro zone and Ukraine instability) and lack of business confidence have reduced investments.

In Japan, monetary and fiscal stimulus provide the impetus for near-term growth, however longer-term challenges such as low inflation remain. A gradual slowdown in China is likely to affect the world economic growth.

#### **Indian Economy**

FY 2014-15 can be said to be year of recovery for the Indian economy. Along with gradual recovery, India is moving towards macroeconomic stability. The new government's aim of improving infrastructure and encouraging foreign companies to set up manufacturing facilities in India will play a pivotal role in the bringing about favorable conditions for sustainable growth. Inflation, Current account deficit and Fiscal deficit are coming under control which is expected to lead to currency stability. Some of the key drivers for the recovery are:

1. **Stable Government:** India elected a stable Central government with a single-party majority after 30 years. The govt. has started key reform measures, such as encouraging manufacturing and Ease of Doing Business, infrastructure, as well as encouraging investment.
2. **Easing Inflation & Monetary policy:** Inflation, as measured by the Consumer Price Index (CPI), fell from a high of 8.6% to a low of 4.2% within FY 14-15, as a result of falling global crude & commodity prices, as well as tight monetary policy action by RBI. RBI, taking comfort from falling inflation, has reduced Repo Rate by 50 bps since Jan-15.
3. **Reducing Fiscal & Current Account deficit:** Fiscal Deficit & Current Account Deficit reduced in FY 2014-15, driven mainly by rationalization of govt. expenditure and

decrease in crude prices & gold import. The govt. efforts towards containing twin deficits have resulted in improvement in Sovereign Rating outlook by both S&P and Moody's.

Some of the risk factors in the Indian economy, due to which the recovery process could be affected, are probable sharp rebound in Crude Oil Prices and resulting pressure on twin deficits, Consecutive failure of monsoon and resulting increase in Food Inflation and failure of the government to maintain the momentum of reforms due to legacy issues.

### **Auto Sector**

Indian automobile sectors has struggled for growth in the last few years due to factors like poor consumer sentiments, high fuel prices and elevated interest rates. Mid 2014-15 brought some cheers back to the sector with economic activity picking-up, inflation coming down and consumer sentiments improving.

The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, registering a growth of 8.68 % over the same period last year.

The sales of Passenger Vehicles grew by 3.90 % in FY 2014-15 as compared to FY 2013-14. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 4.99 % and 5.30 % respectively, while Vans declined by (-) 10.19 % in April-March 2015 over the same period last year.

The overall Commercial Vehicles segment registered a de-growth of (-) 2.83 % in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16.02 % and Light Commercial Vehicles declined by (-) 11.57 %.

Some of the drivers which are expected to push growth for Auto Sector in coming years are:

- Reduction in fuel prices
- Improving consumer sentiments
- Start of Interest rate reduction cycle
- Accelerated urbanization
- Demographic Advantage of India

### **Auto Finance sector**

Being one of the fastest growing major automobile markets in the world, India offers strong potential for growth of auto finance companies. Indian auto market has more than 35 financiers that offer auto financing solutions to the intended car buyers. This growth is going to be even more robust driven by positive momentum in automobile sector mentioned above, and a spate of factors in auto finance sector.

First, the average ownership period of cars is getting reduced to three-four years compared with 10 years or more a decade ago. This leads to more frequent usage of auto finance.

Second, in a bid to expand operations, manufacturers and financiers are setting up better distribution systems, which are resulting in increased access to customers.

Third, entry of a clutch of credit bureaus means that financiers are able to improve credit decisions and reduce losses. This is also assisting financiers to provide higher-loan-to-value and innovative schemes which enable customers to purchase their dream cars.

On the other hand, tougher competition by many players in industry is constantly putting a pressure on business margin. Thinner margin reduces risk buffer of financiers and makes them more vulnerable to potential negative scenarios, such as higher credit loss due to slowdown in economy, or sudden hike of cost of borrowing due to financial market turmoil, etc.

### **TOYOTA FINANCIAL SERVICES INDIA LIMITED (TFSIN)**

#### **TFSIN Business Profile:**

TFSIN is a Non-Banking Financial Company regulated by Reserve Bank of India. It is engaged in financing to individual and corporate customers for purchase of Toyota new cars and used cars, and financing to Toyota car dealers' inventory.

In order to accommodate individual and corporate customers' various funding needs, the company offers a wide range of auto loan products such as bullet, balloon etc., as well as typical "classic" loan. Although bullet and balloon are new and not so prevalent in India, the Company expects them to be a frontier market in the future.

The company's well-trained employees offer these loan products at counters in Toyota car dealers, and assist customers to complete entire loan process faster and easier. Our target turnaround time (TAT) for our loan sanction is within 8 hours, which has been constantly achieved. Similarly the Company sets targets on TAT in various business processes where customers are involved. The Company believes that faster and easier process is a key factor of quality of customer services, which enables the Company to acquire and retain more customers successfully.

The company is expanding its geographic coverage to deliver enhanced Toyota experience to broader base of customers. As of March 2015, the company is present at 149 counters which cover 80% of overall Toyota sales in India. The company disbursed around 21,100 contracts for Toyota new cars in FY 2014-15, which equates to approximately 20% of Toyota sales in the coverage area. As of March 2015, the company maintains 37,537 live contracts in its auto loan portfolio.

The company is also engaged in financing to Toyota dealers to support their funding needs. In addition to loan facilities for acquisition of new car inventory, the company launched loans for inventory of used cars, spare parts and accessories during FY2014-15. The company is catering finance to 23 dealers and total book size is 2413 million as of March 2015.

### **Financial Performance**

During FY2014-15 the company achieved rapid growth in terms of asset size, as a result of geographic expansion and increase of market penetration. The balance of loans and advances as of March 2015 was INR 26,586 million (previous year it was INR 12,234 million), increased by 117% from the previous year. Considering the fact that the majority of our auto-loan contracts have tenors between 36 months and 60 months, and the company commenced the business in June 2012 and still expands sales network, this trend of asset growth is expected to continue in coming years.

The revenue from operation, of which main streams are interest income and fee income, was 2,234.9 million vis-à-vis 920.1 million in previous year, while finance cost were at 1,336.1 million vis-à-vis 501.2 million in previous year. Operational expenses (employee benefits, depreciation and amortization, and others) were at 884.2 million vis-à-vis 697.4 million in previous year, having increased along with expansion of our operation.

Your company's loss before tax was at 105.94 million vis-à-vis 237.6 million in previous year, while the loss after tax was at 106.0 million vis-à-vis 237.6 million in previous year. Asset growth which is relatively faster than increase of expenses has mainly contributed to this improvement in profitability, and the same is expected to continue in coming years.

### **Non-Performing Asset (NPA)**

As of March 2015, the company's gross NPA ratio vs. overall outstanding loan principal was 0.52% vis-à-vis 0.26% in previous year. After netting off with credit loss provisions, net NPA ratio was 0.18% vis-à-vis 0.11% in previous year.

The company regularly monitors repayment from delinquent customers and tries to control its credit loss within an appropriate level, on the other hand makes credit loss provisions based on defined internal provisioning policy.

### **Borrowings**

In FY 2014-15, the company started its Debt Capital Market Borrowings through issue of Commercial Papers and Non-convertible Debentures, in order to support growth in asset and ensure funding stability through diversification of borrowing sources. Your company continues to maintain strong relationship with various banks to mitigate liquidity risk.

Your company's borrowing portfolio as of March 2015 consists of 39% by bank loans, 34% by Non-convertible Debentures, and 27% by Commercial Papers. The company continues to maintain appropriate mix of long and short term borrowings for healthy asset liability position.

### **Information Technology**

Your company's IT system continues to be stable and robust and supports increasing transaction volumes in an accurate and efficient way. In addition, a comprehensive MIS application was developed to provide reports across business verticals and functions to support operational and management decision making. A robust Disaster Recovery System is being developed to cater to the needs of growing Business volumes.

The company is continuously seeking for enhancement in its service quality to be the best in industry. Technology is nowadays imperative in re-engineering the business process, therefore the company continues to invest substantial time and effort to improve its technology platforms and systems.

### **Human Resources**

Your company continues to attract, retain and inspire a talented workforce. The company employed 238 employees at the end of FY 2014-15. During the year, your company focused on capability building through extensive training and development programme to support energized and enabled work environment. Consistent with previous year, your company will continue to build a work environment where Growth is the way of life and People Matter. Your company believes that 'A happy employee can create happy customers'. The intellectual capital drives the customer-oriented operation model of the company.

Being an equal opportunity employer, your company is committed to provide fair, safe and harmonious work environment. Discrimination or harassment of any kind is prohibited and appropriate policies for prevention of unwanted circumstances are in place, sensitizing all employees.

### **Risk Management**

The company is exposed to customer's credit risk. Customer's delinquency is affected by overall economy condition, and recovery from resale of security asset is affected by used car market condition. The Company holds Risk Management Committee every month, which monitors various credit risk metrics with analysis, and discusses necessary countermeasures to adjust credit approval criteria and/or collection activities.

In order to manage interest rate risk and liquidity risk arising from cash flow mismatch between asset and liability, the Company holds Asset Liability Committee every month. It monitors development in economy and financial market, and risk metrics which shows asset and liability profile. Funding plan and risk controlling countermeasures are also discussed there.

The Company is also exposed to various types of operational risks, such as information leakage, operational error, internal fraud, legal dispute, physical damages on company facilities, resignation of key personnel etc. The Company is minimizing some of these risks by building robust IT infrastructures, cross checking mechanism in operation processes, internal audit, contingency action plan etc. The top management continuously encourages entire organization to report material incidents of these natures immediately so that necessary action can be taken in a timely manner.

### **Internal Control**

The Company's business operation is managed under established controlling mechanisms. With regard to decision making on loan avancement, credit policy and standard process manual are applied to judge creditworthiness of customer, and each case is approved by defined authority level. Also transactional conditions such as interest rate, waiver of fee and/or charges etc. are approved by relevant authorization mechanism.

Other company activities such as borrowing transaction, expense to goods and services, manpower recruitment and remuneration etc. are also governed by relevant policy and/or procedures, being approved by relevant authority on case by case basis. Expenses are budgeted every year and monitored regularly by senior management.

All these transactions are recorded in accounting books in line with generally accepted accounting principle by accounting department which is independent from operational departments. Accounting, financial reporting, expense payment and tax payment processes are handled by accounting department with robust cross checking mechanism.

Many of above-mentioned processes are supported by relevant IT system or software, which provide systematic control to ensure due processes. In addition, Internal Auditor checks whether individual cases (on a sample basis) are duly processed complying applicable law, regulation and internal rules. The Company believes that overall controlling mechanism is adequately equipped and exercised in daily operation.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Toyota Financial Services India Limited (" The Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (" the Act") with respect to the preparation of these financial statements, to give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements that give a true and fair view and are free from material misstatement, whether due of fraud or error.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by

the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

9. As required by the Companies ( Auditor's report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ( hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 purpose of our audit.
- (b) In our opinion, proper books of account as 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, and the Cash Flow Statement 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, read with Rule 7 of the Companies (Accounts).
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 knowledge and belief and according to the information and explanations given to us:
  - i. The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2015.
  - iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company during the year ended March 31, 2015

**For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants**

*Sd/-*

**Bangalore  
May 25, 2015**

**Alpa Kedia  
Partner  
Membership Number : 100681**

## **Annexure to Independent Auditors' Report**

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2015**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3 (ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured and unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii) (b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposit from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

**Annexure to Independent Auditors'**

**Referred to paragraph 9 of the Independent Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2015**

**Page 2 of 2**

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and service tax through there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, wealth tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, wealth-tax and service-tax which have not been deposited on account of any dispute.
- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. As the Company is registered for a period less than five years the provisions of Clause 3 (viii) of the Order are not applicable to the Company.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3 (x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of 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, except for Note 33 to the financial statements regarding fraud on the Company by certain customers involved misrepresentation of facts and/ or documents in respect of

loans granted by the Company and aggregating Rs.4,367,547 for which Management has reported these incidents to the Reserve Bank of India and has initiated the necessary steps to recover the outstanding loans including repossession of cars financed, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants**

*Sd/-*

**Bangalore  
May 25, 2015**

**Alpa Kedia  
Partner  
Membership Number: 100681**

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Balance Sheet as at March 31, 2015**

Particulars	Note	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>(1) Shareholder's Fund</b>			
(a) Share Capital	2	5,880,219,770	4,523,076,920
(b) Reserves and Surplus	3	293,925,671	(142,892,807)
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	9,500,000,000	2,500,000,000
(b) Other Long Term Liabilities	5	1,938,003	6,410,109
(c) Long Term Provisions	6	160,644,221	39,712,000
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	7	10,820,507,059	5,880,877,895
(b) Trade Payables	8	304,748,237	162,626,346
(c) Other Current Liabilities	9	288,227,425	59,384,532
(d) Short Term Provisions	10	45,175,700	14,876,000
<b>TOTAL</b>		<b><u>27,295,386,086</u></b>	<b><u>13,044,070,995</u></b>
<b><u>ASSETS</u></b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	42,396,172	58,597,496
(ii) Intangible Assets	11	49,565,704	56,964,562
(iii) Capital work-in-progress		10,863,439	1,980,094
(b) Long Term Loans and Advances	12	16,861,054,370	8,302,335,085
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	46,339,452	-
(b) Cash and Bank Balances	14	306,137,650	502,349,958
(c) Short -Term Loans and Advances	15	9,845,848,107	4,053,777,837
(d) Other Current Assets	16	133,181,192	68,065,963
<b>TOTAL</b>		<b><u>27,295,386,086</u></b>	<b><u>13,044,070,995</u></b>

Significant Accounting Policies 1

The Notes to the Financial Statements form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Sd/-**  
  
**Alpa Kedia**  
Partner  
Membership No. 100681

**Sd/-**  
  
**Kazuki Ogura**  
Managing Director &  
CEO

**Sd/-**  
  
**Narayanaswamy Raja**  
Director

Place: Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

**Sd/-**  
**Akihiko Sekiguchi**  
Chief Financial Officer

**Sd/-**  
**Alka Mishra**  
Company Secretary

Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Statement of Profit and Loss for the Year Ended March 31, 2015**

Particulars	Note	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
I Revenue From Operations	18	2,234,939,844	920,164,487
II Other Income	19	28,680,460	79,490,449
<b>III Total Revenue ( I + II)</b>		<b>2,263,620,304</b>	<b>999,654,936</b>
<b>IV Expenses</b>			
Employee Benefits Expense	20	245,617,445	207,017,458
Finance Costs	21	1,336,167,817	501,240,098
Depreciation and amortisation expense	22	43,356,232	46,048,984
Other Expenses	23	595,369,073	444,302,725
Contingent Provision for Standard Assets		75,676,500	21,713,500
Provisions for Non Performing Assets		73,374,000	16,930,500
<b>Total Expenses</b>		<b>2,369,561,067</b>	<b>1,237,253,265</b>
V (Loss) before Tax		(105,940,763)	(237,598,329)
VI Tax Expense			
(1) Current Tax -For Earlier Years		97,899	-
(2) Deferred Tax		-	-
VII (Loss) for the Year		<b>(106,038,662)</b>	<b>(237,598,329)</b>
VIII (Loss) per Equity Share of Rs. 10 each			
Basic and Diluted	28	(0.23)	(0.65)
Significant Accounting Policies	1		

The Notes to the Financial Statements form an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors**

Sd/-

Sd/-

Sd/-

**Alpa Kedia**  
Partner  
Membership No. 100681

**Kazuki Ogura**  
Managing Director &  
CEO

**Narayanaswamy Raja**  
Director

Place: Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

Sd/-

Sd/-

**Akihiko Sekiguchi**  
Chief Financial Officer

**Alka Mishra**  
Company Secretary

Bangalore  
May 25, 2015

Bangalore  
May 25, 2015

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Cash Flow Statement for the year ended March 31, 2015**

	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>A. Cash flow from operating activities</b>		
Net Profit/ (loss) before taxation	(105,940,763)	(237,598,329)
Adjustments for :		
Depreciation / amortisation	43,356,232	46,048,984
Lease Equalisation Account	(2,706,328)	(873,765)
Loss on writeoff of Fixed Assets (net)	58,443	11,256,674
Interest on Fixed Deposits	(27,137,027)	(79,303,021)
Provision against Non Performing Assets	73,374,000	16,930,500
Contingent Provision against Standard Assets	75,676,500	21,713,500
Provision toward Gratuity	1,274,421	-
Provision against Compensated Absences	907,000	196,000
<b>Operating profit/ (Loss) before working capital changes</b>	<b>58,862,478</b>	<b>(221,629,457)</b>
<b>changes in working capital :</b>		
Increase / (decrease) in Trade Payables	142,121,891	47,776,733
Increase / (decrease) in Short Term Provisions	-	(1,428,236)
Increase / (decrease) in Short Term Borrowings (net)	1,927,238,029	150,877,895
Increase / (decrease) in Other Current Liabilities	227,077,115	31,380,335
(Increase) / decrease in trade receivable	(46,339,452)	-
(Increase) / decrease in Short Term Loans and Advances	(5,785,852,344)	(3,073,592,922)
(Increase) / decrease in Long Term Loans and Advances	(8,558,719,285)	(5,637,867,727)
(Increase) / decrease in Other Current Assets	(64,542,016)	(41,240,877)
<b>Cash used in Operations</b>	<b>(12,100,153,584)</b>	<b>(8,745,724,256)</b>
Taxes paid (including tax deducted at source)	(6,315,825)	(13,509,588)
<b>Net cash used in operating activities</b>	<b>(12,106,469,409)</b>	<b>(8,759,233,843)</b>
<b>B. Cash flow from Investing Activities</b>		
Interest received on Fixed Deposits	26,563,814	77,554,567
Investments in Fixed Deposits of original maturity of more than 3 months but less than 12 months	(140,000,000)	(1,040,000,000)
Proceeds from Fixed Deposits of original maturity of more than 3 months but less than 12 months	440,000,000	680,000,000
Proceeds from Fixed Deposits with maturity of more than 12 months	-	220,000,000
Purchase of tangible/intangible assets	(30,396,505)	(22,224,016)
Sale of tangible/intangible assets	1,698,667	62,036
<b>Net used in investing activities</b>	<b>297,865,976</b>	<b>(84,607,413)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from issue of equity share capital	1,899,999,990	2,499,999,996
Borrowings during the year - Debentures	7,000,000,000	-
Borrowings during the year - Commercial papers	11,792,391,135	-
Borrowings (Repaid) during the year - Commercial papers	(6,500,000,000)	-
Borrowings during the year - Term Loans	116,080,000,000	30,430,000,000
Borrowings (Repaid) during the year - Term Loans	(118,360,000,000)	(24,150,000,000)
<b>Net cash flow from financing activity</b>	<b>11,912,391,125</b>	<b>8,779,999,996</b>
<b>Net (Decrease) in Cash and cash equivalents (A)+(B)+(C)</b>	<b>103,787,693</b>	<b>(63,841,260)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>62,349,958</b>	<b>126,191,218</b>
<b>Cash and cash equivalents, end of the year</b>	<b>166,137,650</b>	<b>62,349,958</b>

**Notes to the statement of cash flow :**

1) Cash and cash equivalents comprise of:		
Cash on hand	2,720	5,825
Balances with banks		
In current accounts	6,134,930	62,344,133
Demand deposits (less than 3 months maturity)	160,000,000	-
<b>TOTAL</b>	<b>166,137,650</b>	<b>62,349,958</b>

- 2) The above statement of cash flow has been prepared under the indirect method set out in Accounting Standard 3 issued by The Institute of Chartered Accountants of India.
- 3) Figures in bracket indicate cash outflow.

The accompanying notes are an integral part of the financial statements.

This is the Cash Flow Statement referred to in our report of even date.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

Sd/-

**Alpa Kedia**  
Partner  
Membership No. 100681

Bangalore  
May 25, 2015

**For and on behalf of the Board of Directors**

Sd/-

**Kazuki Ogura**  
Managing Director &  
CEO

Bangalore  
May 25, 2015

Sd/-

**Narayanaswamy Raja**  
Director

Bangalore  
May 25, 2015

Sd/-

**Akihiko Sekiguchi**  
Chief Financial Officer

Bangalore  
May 25, 2015

Sd/-

**Alka Mishra**  
Company Secretary

Bangalore  
May 25, 2015

# TOYOTA FINANCIAL SERVICES INDIA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

*(All amounts in Rupees)*

## General Information

Toyota Financial Services India Limited was incorporated on May 20, 2011 under the Companies Act, 1956 and is a subsidiary of Toyota Financial Services Corporation, Japan, the ultimate holding Company being Toyota Motors Corporation, Japan. 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.

### 1. Summary of Significant Accounting Policies

#### 1.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1.2 Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 1.3 Tangible Assets and Depreciation

- i. Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

## TOYOTA FINANCIAL SERVICES INDIA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (continued)

(All amounts in Rupees)

- iv. Losses arising from the retirement of, and gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- v. Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets as prescribed under Schedule II of the Companies Act, 2013. The following economic life has been considered

Asset	Economic life(effective from April 1, 2014)	Economic life(For the year ended March 31, 2014)
Leasehold Improvements	Over the tenor of the underlying lease	Over the tenor of the underlying lease
Office Equipment's	5 years	5 years
Furniture and Fixtures	10 years	5 years
Vehicles	8 years	5 years
Computers (other than Servers & Networks)	3 years	3 years
Servers & Networks	6 years	3 years

### 1.4 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Capitalised intangible assets are amortised on a pro-rata basis using straight line method over their estimated useful lives of the assets as prescribed under Schedule II of Companies Act 2013.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortization rates used are:

Asset	Economic life
Computer Software	5 years

### 1.5 Vehicle Financing

Vehicle finance extended to customers are classified as loans and advances and are accounted once all the following events are completed.

- a) Credit department approval of the loan
- b) Completion of documentation formalities by the customer
- c) Receipt of dispatch/delivery advice from the dealer (or) manufacturer

### 1.6 Revenue recognition

Interest on Standard loans is accrued on a daily basis as determined by the amount outstanding and the rate applicable.

## **TOYOTA FINANCIAL SERVICES INDIA LIMITED**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (continued)

*(All amounts in Rupees)*

In the case of Non-Performing Loans, interest is recognised as income upon realisation. Overdue interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Target linked incentive income is recognised during the period in which targets are achieved and realisation of revenue is considered certain.

Loan Processing fees, subvention income , documentation charge and non target linked Incentive are recognised on disbursal of loan in respect of assets financed and when there is no uncertainty regarding the collection of such revenue.

Bounce charges, penal charges, late payment charges and other operating income are recognised as income on realisation due to uncertainty in their collection.

Interest income from fixed deposits is accounted on accrual basis.

### **1.7 Loan Acquisition Expenses**

Loan acquisition expenses such as dealer commission, credit verification charges, stamp duty etc., are accounted for upfront.

### **1.8 Interest Expense**

Interest expense is accounted on accrual basis.

### **1.9 Commercial Paper**

The difference between the redemption value and acquisition cost of Commercial Paper is amortised over the tenure of the instrument. The liability as at the Balance sheet date in respect of such instruments is recognised at face value net of unamortised discount.

### **1.10 Impairment of Loans**

Provision for Standard Assets is made at the rate prescribed by Reserve Bank of India on the outstanding amount of standard assets and is disclosed under provisions.

Loan loss provision in respect of non-performing assets is made in accordance with the provision policy approved by the Board of Directors, which is based on the management's assessment of the degree of impairment of the loans and estimates of recoverability / realisation of the loans, subject to minimum provisioning requirements prescribed in accordance with the prudential norms of the RBI.

### **1.11 Repossessed Assets**

Reposessed asset is valued at lower of loan outstanding or estimated net realisable value as determined on the basis of a valuation carried out by an independent valuer.

# TOYOTA FINANCIAL SERVICES INDIA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (continued)

*(All amounts in Rupees)*

## 1.12 Foreign Currency Transactions

### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

## 1.13 Employee Benefits

### *i. Provident Fund*

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

### *ii. Gratuity*

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### *iii. Compensated absences*

Accumulated compensated absences, which are expected to be availed within 12 months from the end of the year is treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

## **TOYOTA FINANCIAL SERVICES INDIA LIMITED**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (continued)

*(All amounts in Rupees)*

### **1.14 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

In accordance with an opinion given by the Expert Advisory Committee of the Institute of Chartered Accountants of India, lease rentals have been accounted on a straight line method on an accrual basis over the term of the lease and charged to the Statement of Profit and Loss. A liability has been created for the difference between the lease payments and the equalised lease charge debited to the Statement of Profit and Loss.

### **1.15 Current and Deferred Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any. In case there are carried forward losses and unabsorbed depreciation as per the Income tax Act, 1961, deferred tax assets are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### **1.16 Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

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 arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## **TOYOTA FINANCIAL SERVICES INDIA LIMITED**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 (continued)

*(All amounts in Rupees)*

### **1.17 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, current account balances with banks, demand deposits with banks, and other short-term highly liquid investments with original maturities of three months or less.

### **1.18 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/ loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **1.19 Impairment of Assets**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### **1.20 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company.

### **1.21 Special Reserve**

In accordance with section 45-IC of the RBI Act, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss before any dividend is declared.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (continued)**

**2) Share Capital**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Authorised:</b> 740,000,000 ( March 31, 2014: 510,000,000) Equity Shares of Rs.10 each	7,400,000,000	5,100,000,000
	<b>7,400,000,000</b>	<b>5,100,000,000</b>
<b>Issued, Subscribed and Paid up</b> 588,021,977 ( March 31, 2014: 452,307,692) Equity Shares of Rs.10 each	5,880,219,770	4,523,076,920
	<b>5,880,219,770</b>	<b>4,523,076,920</b>

During the year, authorised share capital was increased from Rs. 5,100,000,000 to Rs. 7,400,000,000 by creation of 230,000,000 equity shares of Rs 10 each pursuant to an ordinary resolution passed by the shareholders at the Annual General Meeting held on March 13, 2015.

**(a) Reconciliation of number of shares**

Particulars	March 31, 2015		March 31, 2014	
	No of shares	Rupees	No of shares	Rupees
<b>Balance at the beginning of the year</b> Equity Shares	452,307,692	4,523,076,920	260,000,000	2,600,000,000
<b>Add: Shares Issued during the year</b> Equity Shares	135,714,285	1,357,142,850	192,307,692	1,923,076,920
<b>Balance at the end of the year</b> Equity Shares	588,021,977	5,880,219,770	452,307,692	4,523,076,920

During the year 135,714,285 equity shares of Rs 10 each have been allotted for cash at a premium of Rs. 4 each pursuant to a resolution of shareholders passed at General Meeting dated March 13, 2015.

**(b) Rights, preferences and restrictions**

Equity Shares: The Company has one class of equity shares having a par value of Rs.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.

**(c) Shares held by holding company and its nominees**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
588,021,977 (March 31, 2014 - 452,307,692) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	5,880,219,770	4,523,076,920

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

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Equity Shares:</b>		
Toyota Financial Services Corporation, Japan, the subsidiary of Toyota Motor Corporation, Japan ultimately held by Toyota Motor Corporation, Japan.	588,021,977	452,307,692
Percentage holding	(100%)	(100%)

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2015 (continued)

3) Reserves and Surplus

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Securities Premium</b>		
Balance at the beginning of the year	576,923,076	-
Add : Securities premium on equity shares issued during the year	542,857,140	576,923,076
Balance at the end of the year	<b>1,119,780,216</b>	<b>576,923,076</b>
<b>(Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	(719,815,883)	(482,217,554)
(Loss) for the year	(106,038,662)	(237,598,329)
Balance at the end of the year	<b>(825,854,545)</b>	<b>(719,815,883)</b>
	<b>293,925,671</b>	<b>(142,892,807)</b>

4) Long Term Borrowings

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Secured</b>		
- Redeemable Non-Convertible Debentures	7,000,000,000	-
<b>Unsecured</b>		
- Term Loans from Banks	2,500,000,000	2,500,000,000
	<b>9,500,000,000</b>	<b>2,500,000,000</b>

Schedule of privately placed Redeemable Non-Convertible Debentures

No. of Debentures*	Face Value (Rs)	Balance as at		Issue Month	Maturity Month	Annual Coupon rate
		March 31, 2015 (Rupees)	March 31, 2014 (Rupees)			
2,000	1,000,000	2,000,000,000	-	Sep 14	Sep 16	9.45%
1,000	1,000,000	1,000,000,000	-	Sep 14	Sep 17	9.55%
2,000	1,000,000	2,000,000,000	-	Nov 14	Nov 17	8.70%
2,000	1,000,000	2,000,000,000	-	Mar 15	Mar 18	8.40%
<b>Total</b>		<b>7,000,000,000</b>	<b>-</b>			

\* The Company issued secured, redeemable, non-convertible debentures on private placement basis, listed on the wholesale debt market of National Stock Exchange (NSE). The Debentures are secured through first ranking exclusive charge by way of hypothecation over the loan Receivables.

Schedule of Term Loan

Unsecured loans from bank with bullet repayment on various maturity dates

Tenure	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
13 to 36 months	2,500,000,000	2,500,000,000

Interest rates range from 9.55% p.a. to 10.00% p.a. (March 31, 2014: 9.55% to 10.00%) for the borrowings outstanding as at March 31, 2015

5) Other Long Term Liabilities

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Rent equalisation reserve	1,938,003	6,410,109

6) Long Term Provisions

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Provision for Standard Assets	66,792,800	20,509,000
Provision for Non Performing Assets	92,577,000	19,203,000
Provision for Employee Benefits - Gratuity (Refer Note 20(b))	1,274,421	-
	<b>160,644,221</b>	<b>39,712,000</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (continued)**

**7) Short Term Borrowings**

<b>Particulars</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
<b>Unsecured</b>		
- Term Loans from Banks	3,450,000,000	5,730,000,000
- Bank Overdraft repayable on demand	2,078,115,924	150,877,895
- Commercial Paper (Maximum balance outstanding during the year Rs 7,500,000,000)	5,292,391,135	-
(Previous Year: Rs. Nil)(Net of unamortised discount of Rs. 207,608,864) ( Previous Year: Rs.Nil)	<b>10,820,507,059</b>	<b>5,880,877,895</b>

**Schedule of Term Loan**

Unsecured loans from bank with bullet repayment on various maturity dates

<b>Tenure</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
0 to 12 months	3,450,000,000	5,730,000,000

Interest rates range from 8.50% p.a. to 9.50% p.a. (March 31, 2014: 8.65% to 10.00%) for the borrowings outstanding as at 31 March 2015.

**Schedule of Bank Overdraft**

<b>Tenure</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
Repayable on demand	2,078,115,924	150,877,895

Interest rates on bank overdraft is as determined by the Bank based on bank base rate from time to time.

**Schedule of Commercial Papers**

<b>Tenure</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
0 to 12 Months	5,292,391,135	-

Discounting rate is market driven at the time of the issuance of such papers.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (continued)**

**8) Trade Payables**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Sundry Creditors		
- Total outstanding dues to micro and small enterprises	8,568,052	16,988
- Total outstanding dues to creditors other than micro and small enterprises	107,425,421	43,174,063
Payable to Dealers	188,754,764	119,435,295
	<b>304,748,237</b>	<b>162,626,346</b>

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8,568,052	16,988
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	659	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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. This has been relied upon by the auditors.

**9) Other Current Liabilities**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Interest accrued but not due on borrowings	242,976,457	26,124,763
Employee benefits payable	21,728,235	15,704,596
Statutory dues including provident fund and tax deducted at source	19,084,242	14,882,460
Rent equalisation reserve	4,438,491	2,672,713
	<b>288,227,425</b>	<b>59,384,532</b>

There are no amount due for payment to the Investors Education and Protection Fund under section 205C of the Companies Act 1956 as at the year end.

**10) Short Term Provisions**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Provision for Employee Benefits		
- Provision for Compensated absences	5,783,000	4,876,000
Provision for Standard Assets	39,392,700	10,000,000
	<b>45,175,700</b>	<b>14,876,000</b>

TOYOTA FINANCIAL SERVICES INDIA LIMITED  
Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

11) Fixed Assets

(Amount in Rupees)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	April 01, 2014	Additions during the year	Disposal during the year	March 31, 2015	April 01, 2014	For the year*	Disposal for the year	March 31, 2015	March 31, 2015	March 31, 2014
<b>Tangible Assets</b>										
Office Equipment	4,226,480	1,219,247	727,225	4,718,502	1,968,287	1,028,391	478,824	2,517,854	2,200,648	2,258,193
Computers (other than Servers & Networks)	17,037,578	7,058,790	77,070	24,019,298	9,548,927	5,603,720	77,070	15,075,577	8,943,721	7,488,651
Computers -Servers & Networks	4,687,454	164,828	-	4,852,282	2,915,882	410,177	-	3,326,059	1,526,223	1,771,572
Furniture and Fixtures	16,119,313	43,327	-	16,162,640	7,788,772	1,094,396	-	8,883,168	7,279,472	8,330,541
Leasehold Improvements	62,429,016	-	1,264,368	61,164,648	32,611,188	13,494,260	942,529	45,162,919	16,001,729	29,817,827
Vehicles	14,593,630	-	2,455,596	12,138,034	5,662,918	1,299,461	1,268,725	5,693,654	6,444,380	8,930,712
<b>Total (A)</b>	<b>119,093,471</b>	<b>8,486,192</b>	<b>4,524,259</b>	<b>123,055,404</b>	<b>60,495,974</b>	<b>22,930,405</b>	<b>2,767,148</b>	<b>80,659,232</b>	<b>42,396,172</b>	<b>58,597,495</b>
Previous Year	111,846,149	7,371,432	124,110	119,093,471	33,933,769	26,633,278	71,073	60,495,974	58,597,496	-
<b>Intangible Assets</b>										
Computer Software	87,290,387	13,026,968	-	100,317,355	30,325,824	20,425,827	-	50,751,651	49,565,704	56,964,562
<b>Total (B)</b>	<b>87,290,387</b>	<b>13,026,968</b>	<b>-</b>	<b>100,317,355</b>	<b>30,325,824</b>	<b>20,425,827</b>	<b>-</b>	<b>50,751,651</b>	<b>49,565,704</b>	<b>56,964,562</b>
Previous Year	90,687,051	13,935,141	17,331,805	87,290,387	16,976,250	19,415,706	6,066,132	30,325,824	56,964,562	-
<b>Total Fixed Assets (A+B)</b>	<b>206,383,858</b>	<b>21,513,160</b>	<b>4,524,259</b>	<b>223,372,759</b>	<b>90,821,798</b>	<b>43,356,232</b>	<b>2,767,148</b>	<b>131,410,883</b>	<b>91,961,876</b>	<b>115,562,057</b>
Previous Year (Grand Total)	202,533,200	21,306,573	17,455,915	206,383,858	50,910,019	46,048,984	6,137,205	90,821,798	115,562,058	-

\*Depreciation charged for the year is less by Rs.4,121,141 due to the change in useful lives of the assets in accordance with Schedule II of the Companies Act, 2013.

TOYOTA FINANCIAL SERVICES INDIA LIMITED  
Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

12) Long Term Loans and Advances

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Loans</b>		
<b>Secured , Considered good</b>		
Vehicle Finance *	16,677,514,908	8,208,903,289
<b>Secured , Considered doubtful</b>		
Vehicle Finance *	139,131,450	32,304,985
<b>Advances recoverable in cash or in kind or for value to be received (Unsecured)</b>		
Considered good	2,581,720	10,069,831
Considered doubtful	6,745,000	6,745,000
( Less): Provision for doubtful advances	(6,745,000)	(6,745,000)
	2,581,720	10,069,831
Security Deposits (considered good)	33,797,072	33,697,072
<b>Other Loans and Advances (Unsecured, Considered good)</b>		
Prepaid expenses	8,029,220	17,359,908
	<b>16,861,054,370</b>	<b>8,302,335,085</b>

\* Secured by hypothecation of vehicles and / or charge over current assets

13) Trade Receivables

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>(Unsecured, Considered good)</b>		
Debts due for less than six months from the date they are due for payment (Refer note 31)	46,339,452	-
	<b>46,339,452</b>	<b>-</b>

14) Cash and Bank balances

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2,720	5,825
Bank Balance in		
-Current Account	6,134,930	62,344,133
-Fixed Deposits (with maturity less than 3 months)	160,000,000	-
Other Bank Balances		
-Fixed Deposits (with maturity greater than 3 months but less than 12 months)	140,000,000	440,000,000
	<b>306,137,650</b>	<b>502,349,958</b>

15) Short -Term Loans and Advances

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Loans</b>		
<b>Secured , Considered good</b>		
Vehicle Finance *	9,769,685,716	3,993,116,648
<b>Other Loans and Advances (Unsecured considered good, unless otherwise stated)</b>		
Advances recoverable in cash or in kind for the value to be received	14,979,026	11,777,400
Security Deposits	2,032,400	3,552,400
Advance Tax and Tax Deducted at Source (Net of provision for taxation Rs. 287,000 (Previous Year : Rs.51,035,278)	35,042,823	28,824,897
Prepaid expenses	18,956,876	13,691,588
Others	5,151,266	2,814,904
	<b>9,845,848,107</b>	<b>4,053,777,837</b>

\* Secured by hypothecation of vehicles and / or charge over current assets

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**16) Other Current Assets**

<b>Particulars</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
(Unsecured, considered good, unless otherwise stated)		
Interest Accrued Not Due-Fixed Deposits	9,360,770	8,787,557
Interest Accrued Not Due- Vehicle Finance	115,777,542	56,488,979
Repossessed automobile assets	8,042,880	2,789,427
	<b>133,181,192</b>	<b>68,065,963</b>

**17) Capital and other Commitments**

<b>Particulars</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
Loans sanctioned but not disbursed (awaiting completion of documentation formalities by borrower)	155,762,878	22,065,098
Undrawn credit limits by dealers relating to vehicle finance	822,695,442	847,876,861
	<b>978,458,320</b>	<b>869,941,959</b>

**18) Revenue From Operations**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Interest On Loans - Vehicle Finance	2,069,823,967	860,965,101
Subvention Income	3,171,162	5,462,752
<b>Other Financial Services</b>		
Loan Processing Fees	57,109,905	36,847,387
Documentation charges	6,599,127	3,922,628
Incentive Fee (Refer Note 31)	66,810,000	-
Foreclosure Charges	20,129,272	6,352,898
Other Operating Income	11,296,411	6,613,721
	<b>2,234,939,844</b>	<b>920,164,487</b>

**19) Other Income**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Interest on Fixed Deposits	27,137,027	79,303,021
Interest on Income Tax Refund	972,310	-
Miscellaneous Income	571,123	187,428
	<b>28,680,460</b>	<b>79,490,449</b>

**20) Employee Benefits Expenses**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Salaries, Bonus and Allowances	220,026,269	186,737,738
Contribution to Provident Fund and Other Funds (Refer note (a) below)	16,045,059	14,422,162
Gratuity (Refer note (b) below)	2,274,173	1,718,206
Staff Welfare	7,271,944	4,139,352
	<b>245,617,445</b>	<b>207,017,458</b>

**(a) Defined Contribution Plan**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Amount recognised in the Statement of Profit and Loss		
i) Provident fund paid to the authorities	7,476,671	7,048,060
ii) Pension fund paid to the authorities	7,185,611	6,102,176
iii) EDLI & others	1,382,777	1,271,926
	<b>16,045,059</b>	<b>14,422,162</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**(b) Defined Benefit Plan**

**Gratuity**

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 partially funded. Gratuity Fund is administered through Trustees and/ or 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.

Description of Benefit Plans	Funded Gratuity	
	31-Mar-15	31-Mar-14
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	4,582,272	2,789,089
Current service cost	1,889,303	1,872,285
Interest cost	591,214	372,388
Benefits paid	-	-
Actuarial (gain) / loss on obligations	509,279	(451,490)
<b>Closing Balance: Present value of obligation</b>	<b>7,572,068</b>	<b>4,582,272</b>
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	4,809,983	1,360,741
Expected return on plan assets	492,980	188,337
Contributions made	999,752	3,146,554
Benefits paid	-	-
Actuarial gain / (loss) on plan assets	(5,068)	114,351
<b>Closing Balance: Fair value of plan assets</b>	<b>6,297,647</b>	<b>4,809,983</b>
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet		
Closing Balance: Present value of obligation	7,572,068	4,582,272
Closing Balance: Fair value of plan assets	6,297,647	4,809,983
Unrecognised past service cost	-	-
<b>Net Asset / (Liability) recognised in Balance Sheet *</b>	<b>(1,274,421)</b>	<b>227,711</b>
Recognised under:		
Long Term Provision (Refer Note 6)	(1,274,421)	-
Short Term Provision (Refer Note 10)	-	-
<b>Total</b>	<b>(1,274,421)</b>	<b>-</b>
D) Expenses recognised in the Statement of Profit and Loss		
Current service cost	1,889,303	1,872,285
Interest cost	591,214	372,388
Expected return on plan assets	(492,980)	(188,337)
Net actuarial (gain) / loss recognized	514,347	(565,841)
Asset not recognised during the year end March 31, 2014*	(227,711)	-
<b>Total Expenses *</b>	<b>2,274,173</b>	<b>1,490,495</b>
<b>(included under Employee benefits in Note 20 )</b>		
E) Actual return on plan assets	487,912	302,688
F) Actuarial assumptions		
Discount rate	7.95%	9.15%
Expected rate of return on plan assets	8.00%	8.50%
Rate of increase in compensation levels	9.00%	9.00%
<b>Attrition rate</b>		
- Age (Years)		
21-30	10.00%	10.00%
31-40	5.00%	5.00%
41-59	3.00%	3.00%

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

Description of Benefit Plans	Funded Gratuity			
	31-Mar-15	31-Mar-14		
Mortality rate	Indian Assured Life Mortality (2006-08) Ult	Indian Assured Life Mortality (2006-08) Ult		
Retirement Age	60 years	60 years		
G) Major category of Plan assets				
Insurer Managed Funds	100.00%	100.00%		
H) Amount for the current and previous three years are as follows: #				
Particulars	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Defined Benefit Obligation	7,572,068	4,582,272	2,789,089	621,090
Plan Assets	6,297,647	4,809,983	1,360,741	-
Surplus / (deficit)	(1,274,421)	227,771	(1,428,348)	(621,090)
Experience adjustments on plan liabilities	(608,737)	(193,545)	(538,064)	-
Experience adjustments on plan assets	(5,068)	114,351	51,367	-
I) Expected contribution to the funds next year				
Particulars	31-Mar-15		31-Mar-14	
Gratuity Fund	2,000,000		2,000,000	

\* In the previous year Net asset to the extent of Rs. 227,711 was not recognised in the balance sheet as the Company did not have enforceable right and the same was charged off to the Statement of Profit and Loss Account as Employee Benefits Expense.

# The Company was incorporated in May 2011. The first financial was for the period ended March 31, 2012. Hence, previous three years figures are furnished.

The estimates of future salary increases, considered in the actuarial valuation take account of inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

**21) Finance Cost**

Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
<b>Interest:</b>		
- Term Loan	811,527,154	484,322,009
- Bank Overdraft	22,141,675	16,500,471
- On delayed payment of statutory and other dues	186,564	417,618
- on Non Convertible Debenture	231,519,289	-
<b>Other Finance Cost:</b>		
- Discounting charge on Commercial Paper	270,793,135	-
	<b>1,336,167,817</b>	<b>501,240,098</b>

**22) Depreciation and Amortisation Expense**

Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
Depreciation on Tangible Assets	22,930,405	26,633,278
Amortisation of Intangible Assets	20,425,827	19,415,706
	<b>43,356,232</b>	<b>46,048,984</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**23) Other Expenses**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Rent (Refer note 25 below)	37,471,127	37,660,435
Electricity	1,792,255	1,512,652
Repairs and Maintenance - others	5,082,250	3,050,156
Insurance	520,063	529,320
Rates & Taxes # (infusion in Share capital)	3,884,877	11,001,001
Travelling	19,738,221	20,985,770
Auditor's Remuneration		
- Statutory Auditor	5,200,000	4,200,000
- Tax Audit	200,000	200,000
- Other Services	2,100,000	600,000
- Reimbursement of expenses	993,802	387,402
Professional and consultancy*	116,554,012	105,346,914
Recruitment Expenses	4,208,103	3,423,417
Printing and Stationery	877,227	393,643
Communication	9,235,488	7,932,509
Information Technology services	43,405,012	43,392,451
IT Stationary & Software	4,437,935	11,266,341
Collection Charges	24,875,841	11,108,525
Marketing	13,331,107	11,943,096
Advertisement	538,137	566,735
Postage and Courier	2,393,470	1,381,994
Entertainment	1,926,968	1,466,296
Commission to Dealers	264,065,093	148,693,089
Stamp Duty Charges (Net of reimbursement of Rs 27,032,172 (Previous Year: Rs. 15,409,871))	2,480,756	1,472,176
Conference	4,321,623	2,210,318
Loss on Sale of Repossessed Vehicles	2,608,449	103,957
Computer Software written off	-	11,288,826
Diminution in value of re-possessed assets	2,744,000	610,000
Commercial papers and Debenture issue expenses	17,904,787	-
Miscellaneous	2,478,470	1,575,702
	<b>595,369,073</b>	<b>444,302,725</b>

\*Professional and consultancy expenses during current year includes expenditure incurred Rs 91,595,444 (March 31, 2014 : Rs. 87,041,685) towards carrying back office operations relating to retail loan finance, carried out by a third party.

# includes an amount of Rs. 3,050,000 (previous year Rs. 3,750,000) as stamp duty and Rs. Nil (March 31, 2014: 6,898,000) as filing fees for increase in authorised and paid up equity share capital.

**24) Expenditure in foreign currency**

<b>Particulars</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Professional fees	206,771	238,120
Travel	-	2,366,421
Relocation	656,016	-
Training	58,352	554,946
Information Technology	114,051	119,099
	<b>1,035,190</b>	<b>3,278,586</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**25) Operating Leases**

The Company has entered into operating lease agreements for office premises. The leases for the office premises are non-cancellable in nature for a period 3 to 5 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 31,497,072 (Previous Year: Rs. 31,497,072 ) in respect of these leases.

The Company has entered into operating lease agreements for employee residences. The leases for these premises are non-cancellable in nature for a period 2 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 4,200,000 (Previous Year: Rs. 5,600,000). The actual rent paid is recovered from these employees. The excess of the equalised rent over the rent recovered is expensed off in the books

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
(a) Lease payments recognised in the Statement of Profit and Loss during the year	37,471,127	37,660,435
(b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows :		
- Not later than one year	42,956,522	39,437,327
- Later than one year but not later than 5 years	14,554,540	52,734,595
- Later than five years	-	-

**26) Taxation**

No provision for taxation has been made in these financial statements in view of carried forward losses.

**27) Deferred Tax Liabilities (Net)**

Particulars	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
<b>Deferred Tax Liabilities</b>		
Depreciation	65,769	2,962,433
Preliminary Expenses	2,596	2,596
Rent equalisation disallowance	-	234,824
	<b>68,365</b>	<b>3,199,853</b>
<b>Deferred Tax Asset</b>		
Provision for Leave encashment	512,812	63,605
Provision for Gratuity	737,999	557,580
Contingent provision for standard assets	34,458,575	7,046,313
Provision for Non Performing Assets	30,042,440	5,494,167
Diminution in value of re-possessed assets	890,464	197,953
Provision for Bonus	-	-
Expenses disallowed for non deduction of tax at source	6,925,185	3,463,738
Interest over due on NPA Deferred	2,849,197	436,703
Provision against doubtful advances	2,188,840	-
Rent equalisation disallowance	2,069,256	-
	<b>80,674,768</b>	<b>17,260,059</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>-</b>	<b>-</b>

Deferred Tax Asset and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws. Deferred Tax Asset is recognised to the extent of Deferred Tax Liability available for set off.

Deferred Tax Asset has not been recognised on account of prudence in view of carry forward taxable losses.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**28) Earning Per Share**

Particulars		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
Loss after Tax	A	(106,038,662)	(237,598,329)
<u>Number of Equity Shares:</u>			
Number of shares at the beginning of the period		452,307,692	260,000,000
Equity shares allotted on March 13, 2015 (Previous Year: September 17, 2013)		135,714,285	192,307,692
Weighted average number of equity shares outstanding	B	457,513,171	363,266,596
Basic and Diluted EPS	A/B	(0.23)	(0.65)
Face value per share (Rs.)		10	10

**29) Revenue from Target linked incentive scheme**

During the year, the Company entered into a sales penetration based target linked incentive scheme (the 'Scheme') with Toyota Kirloskar Motors Private Limited ('TKM'). As per the Scheme, the Company needs to achieve a certain level of sales penetration during the period 1 October 2014 to 30 June 2015, to be eligible to receive incentive from TKM. Based on the Company's sales upto March 31, 2015 and business plan projectons from April 1, 2015, the Management does not expect that the Company will achieve this sales penetration by 30 June 2015. Accordingly the Company has not recognised any revenue in relation to this scheme during the year ended March 31, 2015.

**30) Segment Reporting**

In accordance with Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's engaged primarily in the business of vehicle financing and accordingly there are no seperate reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability and total cost incurred to acquire segment assets, is as reflected in the Financial Statements as of and for the year ended March 31, 2015. There is no distinguishable component of the Company engaged in providing services in a different economic environment. The Company renders services in one geographical segment and has no offices outside India. Hence there are no reportable geographical segments.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**31) Related Party Disclosures in accordance with Accounting Standard 18**

a) Names of related parties and nature of relationship:

<b>Nature of relationship</b>	<b>Names of related parties</b>
(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 Sales, USA*
(iv) Key Management Personnel	Kazuki Ogura – Managing Director and CEO

\* Parties with whom no transactions during the year.

(b) The following transactions were carried out with related parties in the ordinary course of business during the year:

Nature of transaction	March 31, 2015 (Amount in Rupees)			
	Holding Company	Fellow Subsidiary Toyota Kirloskar Motor Private Limited	Key Management Personnel	Total
<b>Transactions:</b>				
Remuneration to Director	-	-	22,914,085	22,914,085
Professional fees	206,771	1,183,329	-	1,390,100
Travelling expenses	-	-	-	-
Relocation	656,016	-	-	656,016
Training expenses	58,352	-	-	58,352
Allotment of Equity Shares (including securities premium of Rs.542,857,140)	1,899,999,990	-	-	1,899,999,990
Incentive Fees (Refer note 18)	-	66,810,000	-	66,810,000
<b>Balances as at year end:</b>				
Trade Receivables (Refer note 13)	-	46,339,452	-	46,339,452
Trade Payable	198,339	1,064,996	-	1,263,335

Nature of transaction	March 31, 2014 (Amount in Rupees)			
	Holding Company	Fellow Subsidiary Toyota Kirloskar Motor Private Limited	Key Management Personnel	Total
<b>Transactions:</b>				
Remuneration to Director	-	-	21,744,254	21,744,254
Professional fees	238,120	-	-	238,120
Travelling expenses	216,706	-	-	216,706
Training expenses	554,946	-	-	554,946
Allotment of Equity Shares (including securities premium of Rs.57,69,23,076)	2,500,000,000	-	-	2,500,000,000
<b>Balances as at year end:</b>				
Trade Receivables	-	-	-	-
Trade Payable	-	-	-	-

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

32) Additional information in terms of the RBI circular (Ref. No: DNBR (PD).CC.No. 002/03.10.001/2014-15) dated November 10, 2014

a) Capital

S.N	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
i)	CRAR (%)	22.33	32.74
ii)	CRAR - Tier I Capital (%)	21.95	32.51
iii)	CRAR - Tier II Capital (%)	0.38	0.23
iv)	Amount of Subordinated debt raised as Tier-II Capital (Amount in Rs.)	-	-
v)	Amount raised by issue of Perpetual Debt Instruments (Amount in Rs.)	-	-

b) Investments

S.N	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
1	Value of Investments	-	-
	(i) Gross Value of Investments	-	-
	(a) In India	-	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments	-	-
	(a) In India	-	-
	(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	-	-

TOYOTA FINANCIAL SERVICES INDIA LIMITED  
Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

c) Derivatives

(i) Forward Rate Agreement/ Interest Rate Swap

S.No	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(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	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

(iii) Disclosures on Risk Exposure in Derivatives

(A) Quantitative Disclosures

Disclosure relating to risk management policies pertaining to derivatives is not applicable to the Company as the Company has not used derivatives during the year and previous year.

(B) Quantitative Disclosures

Sl.No.	Particular	April 1, 2014 to March 31, 2015 (Rupees)		April 1, 2013 to March 31, 2014 (Rupees)	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	-	-	-	-
(ii)	Marked to Market Positions [1]				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**(d) (i) Disclosures relating to Securitisation**

S.No.	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
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	-	-
	Others	-	-

**(ii) Details of Financial Assets sold to Securitisation/Reconstruction company for Asset Reconstruction**

S.No.	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(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 accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

**(iii) Details of Assignment transactions undertaken**

S.No.	Particulars	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

(iv) Details of Non performing financial assets purchased/sold

A. Details of non-performing financial assets purchased :

S.No.	Particulars		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
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		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
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 March 31, 2015 (Continued)

(v) Maturity pattern of certain assets and liabilities as at March 31, 2015

As on March 31, 2015

(Amount in Rupees)

	Upto 30/31 days	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
<b>Liabilities</b>									
Borrowings **	4,772,009,683	793,291,253	689,738,587	1,000,000,000	3,565,467,536	9,500,000,000	-	-	20,320,507,059
Payable to Vehicle financing dealers	188,754,764	-	-	-	-	-	-	-	188,754,764
<b>Assets *</b>									
Advances (net of NPA provision)	650,790,151	2,957,187,805	616,011,756	1,848,342,967	3,697,353,037	12,410,983,955	4,194,814,189	118,271,214	26,493,755,074
Fixed Deposits	160,000,000	-	-	140,000,000	-	-	-	-	300,000,000
<b>Investments</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency Assets</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency Liabilities</b>	-	-	-	-	-	-	-	-	-

As on March 31, 2014

(Amount in Rupees)

	Upto 30/31 days	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
<b>Liabilities</b>									
Borrowings									
Term Loan	980,877,895	550,000,000	650,000,000	1,650,000,000	2,050,000,000	2,500,000,000	-	-	8,380,877,895
Payable to Vehicle financing dealers	119,435,295	-	-	-	-	-	-	-	119,435,295
<b>Assets *</b>									
Advances (net of NPA provision)	275,609,083	960,888,389	266,490,047	811,102,929	1,679,026,200	5,880,482,045	2,250,086,524	91,436,705	12,215,121,922
Fixed Deposits	300,000,000	-	140,000,000	-	-	-	-	-	440,000,000
<b>Investments</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency Assets</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency Liabilities</b>	-	-	-	-	-	-	-	-	-

\* Excludes advance income tax/ tax deducted at source (net of provisions) and other advances (not related to lending activity).

\*\* Borrowing towards commercial paper is net of discounting charges

Income/ Expenses accrued but not due on the above assets/ liabilities are excluded

Maturity Pattern of Assets and Liabilities has been compiled by the Management on contractual payment basis (except for Bank Overdraft and Advances for Dealer Financing, where it is based on management's estimation) and relied upon by the auditors.

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

(f) Exposures

(i) Exposure to Real Estate Sector

Category		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(A)	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	-	-
(B)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure to Real Estate Sector</b>		-	-

**(ii) Exposure to Capital Market**

Particulars		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(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 in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>		-	-

**(iii) Details of financing of parent company products**

The Company is primarily engaged only in auto financing 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 (March 31, 2014: Nil).

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**(g) Miscellaneous**

**(i) Registration obtained from other financial sector regulators**

The Company has not obtained registration from other financial sector regulators.

**(ii) Disclosure of Penalties imposed by RBI and other regulators**

Penalties imposed by RBI and other regulators on the Company is Nil (Previous Year: Nil)

**(iii) Ratings assigned by credit rating agencies and migration of ratings during the year**

S. No.	Instrument	Rating	Rating Agency	Date of Rating
1	Redeemable Non-Convertible Debentures	AAA	CRISIL Limited	February 18, 2014
2	Commercial Papers	A1+	CRISIL Limited	February 18, 2014

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 other than target linked incentive disclosed in Note 29.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**(h) Additional Disclosures**

**(i) Provisions and Contingencies**

<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account</b>	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Provisions for depreciation on Investment	-	-
Provision towards NPA	73,374,000	16,930,500
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	75,676,500	21,713,500

**(ii) Draw Down from Reserves**

The Company has not made any draw down of 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**

	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Total Advances to twenty largest borrowers	2,938,265,492	1,153,695,069
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	11.05%	9.43%

**(C) Concentration of Exposures**

	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Total Exposure to twenty largest borrowers /customers	2,938,265,492	1,153,695,069
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	11.05%	9.43%

**(D) Concentration of NPAs**

	<b>April 1, 2014 to March 31, 2015 (Rupees)</b>	<b>April 1, 2013 to March 31, 2014 (Rupees)</b>
Total Exposure to top four NPA accounts	25,046,818	13,012,314

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**(E) Sector-wise NPAs**

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector	
		April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans*	0.52%	0.26%
7	Other personal loans	-	-

\* Includes financing to Dealers / Other corporate customers on cars and accessories.

**(iv) Movement of NPAs**

Sl.No.	Sector	April 1, 2014 to March 31, 2015 (Rupees)	April 1, 2013 to March 31, 2014 (Rupees)
(i)	Net NPAs to Net Advances (%)	0.18	0.15
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	32,304,985	2,979,000
	(b) Additions during the year	156,507,385	37,158,010
	(c) Reductions during the year	49,680,920	7,832,025
	(d) Closing balance	139,131,450	32,304,985
(iii)	Movement of Net NPAs		
	(a) Opening balance	13,101,985	706,500
	(b) Additions during the year	61,267,333	18,144,031
	(c) Reductions during the year	27,814,868	5,748,546
	(d) Closing balance	46,554,450	13,101,985
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	19,203,000	2,272,500
	(b) Provisions made during the year	95,240,052	19,013,979
	(c) Write-off / write-back of excess provisions	21,866,052	2,083,479
	(d) Closing balance	92,577,000	19,203,000

**(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.

**(i) Disclosure of Customer Complaints**

(a)	No. of complaints pending at the beginning of the year	1
(b)	No. of complaints received during the year	272
(c)	No. of complaints redressed during the year	273
(d)	No. of complaints pending at the end of the year	-

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**33) Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated March 02, 2012**

Particulars	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>a. Person involved</b>		
Customers	2,037,547	2,215,000
<b>Total</b>	<b>2,037,547</b>	<b>2,215,000</b>
<b>b. Type of Fraud</b>		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	2,037,547	2,215,000

The Company has reported to the RBI and initiated steps to recover the outstanding amount (including repossession).

**34) Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserves Bank) Directions, 2015 are given in Annexure I.**

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2015 (Continued)**

**35) Prior year comparatives**

Previous year's figures have been re-grouped/ re-classified wherever necessary to correspond with the current year's classification/ disclosure.

Signatures to notes 1 to 35 forms part of the financial statements and to the above notes.

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Sd/-**

**Alpa Kedia**  
Partner  
Membership No. 100681

Place:Bangalore  
May 25, 2015

**Sd/-**

**Kazuki Ogura**  
Managing Director &  
CEO

Bangalore  
May 25, 2015

**Sd/-**

**Narayanaswamy Raja**  
Director

Bangalore  
May 25, 2015

**Sd/-**

**Akihiko Sekiguchi**  
Chief Financial Officer

Bangalore  
May 25, 2015

**Sd/-**

**Alka Mishra**  
Company Secretary

Bangalore  
May 25, 2015

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

**Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company**

(as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)

(Rs. In lakhs)

<b>Liabilities Side</b>			
(1) Loans and advances availed by the NBFs inclusive of interest accrued thereon but not paid:			
	<b>Particulars</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
	(a) Debentures : Secured*	72,315	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans*	59,615	-
	(d) Intercorporate loans and borrowing	-	-
	(e) Commercial Paper	52,924	-
	(f) Other Loans (Working Capital Loans from Banks)	20,781	-
* Including Interest accrued but not due			
<b>Asset Side</b>			
		<b>Amount Outstanding</b>	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		265,863
	(a) Secured (Gross excluding NPA provision)		-
	(b) Unsecured*		-
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		-
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(4)	Break-up of Investments :		
	Current investments:		
	1. Quoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
(3)	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-
	2. Unquoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (Certificate of Deposits, Commercial Paper & PTC)		-

\* Excludes advance income tax/tax deducted at source (net of provisions) and other advances (not related to lending activity)

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

**Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company**

		<b>Amount Outstanding</b>		
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 (please specify)		-		
2. Unquoted				
(i) Shares: (a) Equity		-		
(b) Preference		-		
(ii) Debentures and Bonds		-		
(iii) Units of Mutual funds		-		
(iv) Government Securities		-		
(v) Others (please specify)		-		
<b>(5) Borrower group-wise classification of assets financed as in (2) and (3) above:</b>				
<b>Category</b>		<b>Amount net of provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-		-
(c) Other related parties		-		-
2. Other than related parties		264,938	-	264,938
Total		264,938	-	264,938
<b>(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>				
<b>Category</b>		<b>Market Value/ Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>	
1. Related Parties				
(a) Subsidiaries		-		-
(b) Companies in the same group		-		-
(c) Other related parties		-		-
2. Other than related parties				
Total				
<b>(8) Other Information</b>				
<b>Particulars</b>		<b>Amount</b>		
(i)	Gross Non Performing Assets			
	(a) Related Parties	-		
	(b) Other than related parties	1,391		
(ii)	Net Non-Performing Assets			
	(a) Related Parties	-		
	(b) Other than related parties	466		
(iii)	Assets acquired in satisfaction of debt	80		

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2. Provisioning norms shall be applicable as prescribed in Non-systemically important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 or systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.

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 (4) above.