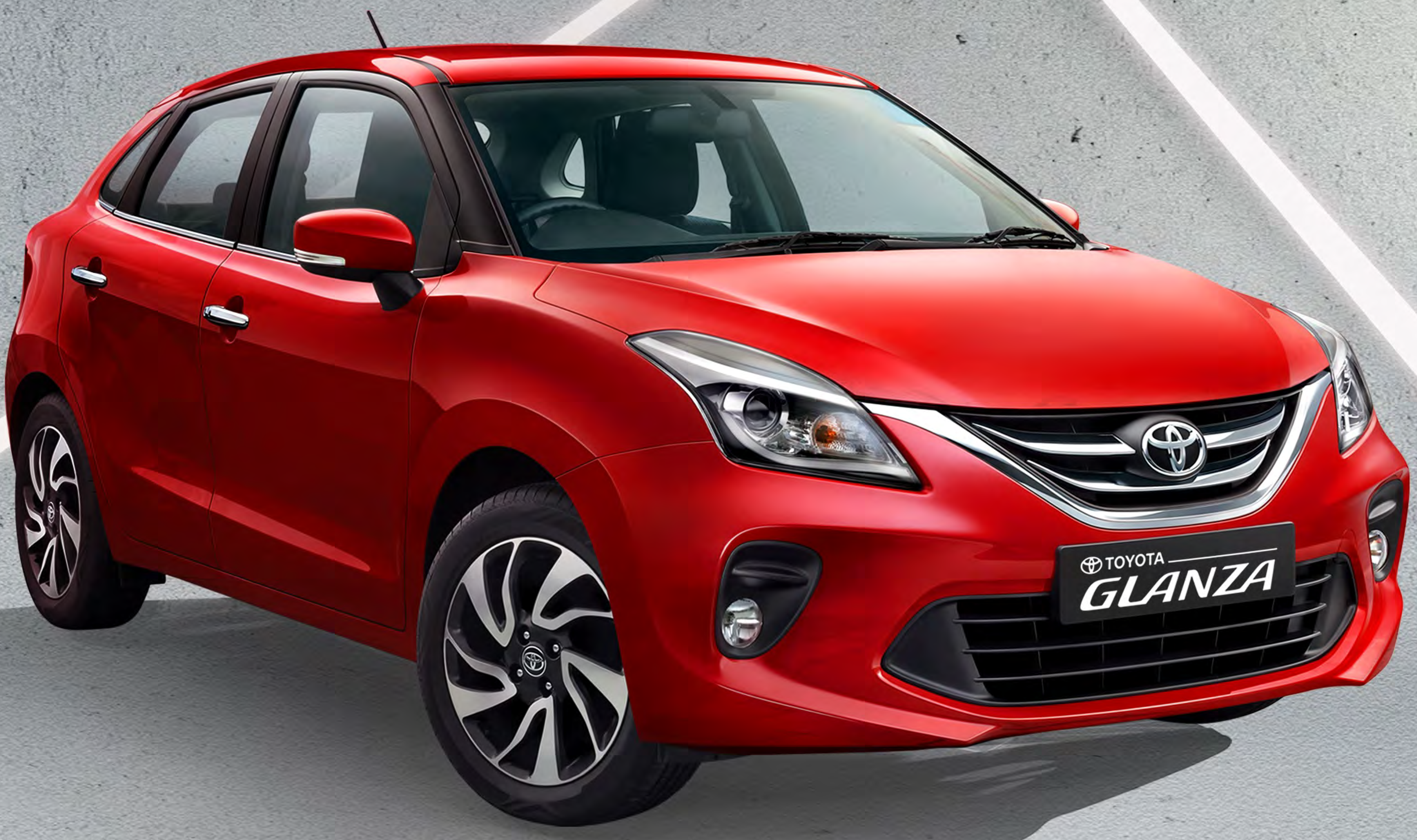
TOYOTA FINANCIAL SERVICES INDIA LIMITED

8TH ANNUAL REPORT

2018-2019



TOYOTA
FINANCIAL SERVICES

LIST OF CONTENTS

TOYOTA FINANCIAL SERVICES

CORPORATE INFORMATION
CIN: U74900KA2011FLC058752

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

STATUTORY AUDITORS:

BSR & Associates LLP
Chartered Accountants
Maruthi Info-Tech Centre,
11-12/1, B Block, 2nd Floor,
Inner Ring Road, Koramangala,
Bangalore - 560071

SECRETARIAL AUDITORS:

V. Sreedharan and Associates
Practicing Company Secretaries
No. 32/33, 1st and 2nd Floor, GNR
Complex, 8th Cross, Wilson Garden,
Bengaluru – 560 027

INTERNAL AUDITORS:

P.S. Sridhar
Vice President, Internal Audit (In house)

DEBENTURE TRUSTEE:

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

COMPANY SECRETARY & COMPLIANCE OFFICER:

Ms. Reena Mary

BANKERS:

Axis Bank Ltd.
Bank of America
MUFG Bank
CITI Bank N.A.
Credit Agricole Corporate & Investment
Deutsche Bank
HDFC Bank Ltd.
The Hong Kong and Shanghai Banking Corporation Limited
JP Morgan Chase Bank
Mizuho Bank Ltd.
Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
Societe Generale
Federal Bank
Kotak Mahindra Bank
BNP Paribas Bank

TOYOTA FINANCIAL SERVICES

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the performance and affairs of your Company for the financial year ended March 31, 2019.

Report on the Performance and Financial Position:

Your Directors are pleased to report that the Company made profit after taxes of Rs. 358.22 Million during the financial year under review.

The summary of financial results of your Company for the financial year ended March 31, 2019 is hereunder:

(Amount in INR Millions)

PARTICULARS	Year ended March 31, 2019	Year ended March 31, 2018
Total Income	7128.99	6719.12
Expenditure	6579.64	6102.50
Profit / (Loss) Before Taxation	549.35	616.62
Profit / (Loss) After Taxation	358.22	397.92
Profit / (Loss) Carried to Balance Sheet	358.12	398.09

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

Share Capital:

During the reporting period, there are no changes in Authorized share capital and Paid up share capital. The present Authorized share capital and Paid up capital is Rs. 9,579,729,570 (Rupees Nine Billion Five Hundred Seventy Nine Million Seven Hundred Twenty Nine Thousand Five Hundred Seventy Only).

Amount carried to Reserves:

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

An amount of Rs. 71,644,308/- (Rupees Seventy One million Six Hundred and Forty Four Thousand and Three Hundred and Eight only) has been transferred from surplus of profits towards Statutory Reserve fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

Dividends:

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

Transfer of Unclaimed Dividend to Investor Education and Protection Fund:

As there is no unpaid/unclaimed dividend, the company was not required to transfer any amount to Investor Education and Protection Fund.

Material changes affecting the financial position:

There have been no Material changes and commitments, affecting the financial positions of the Company which have occurred during the financial year ended March 31, 2019 and as on the date of this report.

Change in nature of the Business (if any):

The company has continued the business of vehicle financing during the reporting period and hence there was no change in the nature of the Business carried out.

Statutory Disclosures on Remuneration of Employees:

A statement containing the name and other particulars of employees in accordance with the provisions of Section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure -2** to this report.

Change in Directors and Key Managerial Personnel:

During the year under review, following changes took place in directors and key managerial personnel:

- Ms. Asha Sampath, who was appointed as Independent Director in the sixth Annual General Meeting held on August 29, 2017, being eligible, was reappointed as independent director at the seventh Annual General Meeting on September 12, 2018 to hold the position for a further period of 03 (three) years.

- Mr. Atsushi Oki was appointed as non-executive additional director by the Board on February 01, 2018. His appointment was regularized by the members at the seventh Annual General Meeting on September 12, 2018. He resigned from the Director position on February 13, 2019.

- Mr. Akito Tachibana, Non-executive Director also resigned from the Director role effective February 13, 2019.

- Mr. Masakazu Yoshimura and Mr. Narayanaswamy Raja were appointed as non-executive additional directors effective from the date of resignation of the above directors ie., February 13, 2019.

- Mr. Hao Quoc Tien was appointed as Non-executive additional director on February 13, 2019 in place of Mr. Kazuki Ogura who resigned on January 16, 2019.

- Mr. Tomohei Matsushita was reappointed as Managing Director & CEO with effect from January 01, 2019 for a period of one year, ending December 31, 2019.

Below is the list of directors and Key Managerial personnel as on March 31, 2019:

Name of the Directors & KMP	Designation	Date of Appointment
Mr. Tomohei Matsushita	Managing Director and CEO	January 1, 2016
Mr. Narayanaswamy Raja	Additional Director	February 13, 2019
Mr. Hao Quoc Tien	Additional Director	February 13, 2019
Mr. Masakazu Yoshimura	Additional Director	February 13, 2019

Name of the Directors & KMP	Designation	Date of Appointment
Ms. Renu Lata Rajani	Independent Director	March 13, 2015
Ms. Asha Sampath	Independent Director	May 27, 2017
Mr. Norimasa Ogawa	Chief Financial Officer	February 22, 2018
Ms. Reena Mary	Company Secretary	August 30, 2016

Your Board of Directors would like to place on record its appreciation for the valuable service and guidance provided by Mr. Kazuki Ogura, Mr. Akito Tachibana and Mr. Atsushi Oki during their tenure.

Retirement of Directors by Rotation:

Mr. Akito Tachibana, retired by rotation in last Annual General Meeting held on September 12, 2018 and being eligible, offered himself for re-appointment, and got re-appointed as director. However, he resigned from being director effective February 13, 2019.

Board and Committee Meetings held during the Financial Year:

Board Meetings	May 24, 2018, July 11, 2018, October 30, 2018 and February 15, 2019
Audit Committee meetings	May 24, 2018, July 11, 2018, October 30, 2018 and February 15, 2019
Nomination & Remuneration Committee Meetings	July 11, 2018, October 30, 2018 and February 15, 2019
CSR Committee Meetings	May 24, 2018, July 11, 2018 and February 15, 2019
IT Strategy Committee Meetings	May 24, 2018, July 11, 2018, January 08, 2019, Adjourned Meeting on January 09, 2019 and February 15, 2019

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

Details of Board and Committees:

The list of Directors on the Board and its committees as on March 31, 2019 is as under:

Directors	BOD	Audit Committee	Nomination & remuneration Committee	Corporate Social Responsibility Committee	IT Strategy Committee
Tomohei Matsushita (MD & CEO)	✓	×	×	✓ (Chairman)	✓
Hao Quoc Tien (Non-executive Additional Director)	✓	×	×	×	×
Masakazu Yoshimura (Non-executive Additional Director)	✓	×	✓	×	×
Narayanaswamy Raja (Non-executive Additional Director)	✓	✓	✓ (Chairman)	✓	×

Asha Sampath (Independent Director)	✓	✓ (Chairman)	✓	×	×
Renu Rajani (Independent Director)	✓	✓	✓	✓	✓ (Chairman)

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

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

a. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
b. That your Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review.
c. That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
d. That the annual financial statements have been prepared on a going concern basis
e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively
f. 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 and Ms. Asha Sampath as independent directors on the Board.

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

Ms. Renu Rajani and Ms. Asha Sampath have given the declaration under sub- section 3(d) of Section 134 read with Section 149(6) of the Companies Act, 2013. The declarations were placed before the Board and the same were taken on records.

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

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

- Director must be 'Fit and Proper' for appointment as a Director on the Board of Toyota Financial Services India Limited.
- In order to conduct such due diligence to ascertain if the Director is 'Fit and Proper', the incumbent Directors must provide a declaration in the format specified by the Reserve Bank of India ('RBI') initially at the time of appointment and thereafter annually and also whenever there is a change in the information already provided by them in the previous declaration.

- The Nomination and Remuneration Committee may demand for any more information as it may deem necessary to conduct the due diligence.
- Director must have relevant qualification and/ or expertise and/ or track record in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess 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 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.

Subsidiary Companies:

Your Company does not have any subsidiary Companies.

Deposits:

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

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

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

Related Party Transactions:

The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of Act are provided in the Form AOC-2 under **Annexure -3** which forms part of this Report.

The Company continues to place all Related Party Transactions before the Audit Committee for approval as per the Policy on related party transaction approved by your Board of Directors. Details of all related party transactions are provided along with the financials of the reporting year. Also, the policy adopted on Related Party Transactions has been placed on the website of the Company.

There is no transaction or pecuniary relationship with the non-executive directors apart for that stated in Section V of **Annexure- 3** forming part of this Report.

Annual Return:

The Annual Return referred in sub-section (3) of section 92 (part of Annual Report 2018) has been placed on the Company's website and web link is www.toyotafinance.co.in

Particulars regarding Conservation of Energy, Technology Absorption

A) Conservation of energy and Technology absorption:

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

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

B) Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings (INR in Millions)	Foreign Exchange Outgo (INR in Millions)
NIL	20.07

Details of Risk Management Policy as per Section 134 (3) (n):

In the opinion of the board, there are no risks which may threaten the existence of the Company. Risk Management System is detailed in the Management Discussion and Analysis Report.

Corporate Social Responsibility:

The Company continues to have in place duly constituted Corporate Social Responsibly ('CSR') Committee as per the provisions of Section 135(1) of the Companies Act, 2013. The members of CSR Committee at present are Mr. Tomohei Matsushita, Mr. Narayanaswamy Raja and Ms. Renu Rajani.

An amount of Rs. 18,910,000 (Rupees Eighteen Million Nine Hundred and Ten Thousand only) was budgeted towards CSR activities in terms of the legal requirement. The Company has spent the full amount against the activities reported here in **Annexure - 4**.

Performance Evaluation of the Board and its Committee:

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

Evaluation of Performance by Board Of Directors	Evaluation By Nomination And Remuneration Committees	Evaluation By Independent Directors
Board as a whole	Individual directors	Non-independent directors
Committees of board of directors	-	Board as a whole
Individual directors	-	Chairperson of the company
Independent directors	-	-

- Independent directors' were evaluated based on criteria like Participation in Board/ Committee Meeting, Managing Relationship, Knowledge and Skill and Personal Attribution.

- Managing Director was evaluated based on the criteria like Leadership, Strategy Formulation, Strategy Execution, Financial Planning/ Performance, Relationship with Board, Human Resource Management / Relations, External Relationship, Product Knowledge and Personal Quality.
- Other Non- Independent Directors were evaluated based on the criteria like Knowledgeability, Diligence and Participation and Leadership.

Performance evaluation report of all the directors were taken on record by Board of directors and Nomination and Remuneration Committee at their meetings held on February 15, 2019.

Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals: (If Any)

There are no significant material orders passed by the Regulators / Courts that impact the going concern status of the Company and its future operations.

Disclosure under the Sexual Harassment of the Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013:

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

Details of Vigil Mechanism:

Your Company has framed and implemented a Whistle Blower Policy and Anti Bribery Policy. Your Company continues to conduct regular workshops and training sessions to inform and educate the employees about these policies. During the year 2018-19 no incident was reported under these policies.

Statutory Auditors:

M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), continues to be Statutory Auditors of Toyota Financial Services India Limited.

Audit Observation:

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

Appointment of Secretarial Auditor and the 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 V Sreedharan and Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit.

The Secretarial auditors have conducted the secretarial audit for the financial year 2018-19 and have provided their report in form MR- 3, which is annexed to the report as **Annexure - 5**. There are no adverse or negative remarks in the Secretarial Audit Report.

RBI Guidelines:

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

General Disclosures:

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

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

Acknowledgement:

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for the support and confidence reposed on the Company.

For **Toyota Financial Services India Limited**	For **Toyota Financial Services India Limited**
Tomohei Matsushita **Managing Director** **DIN: 07335725** **Date: May 28, 2019** **Place: Bangalore**	**Hao Quoc Tien** **Director** **DIN: 08346688** **Date: May 28, 2019** **Place: Bangalore**

ANNEXURE- 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT:

World Economy:

After strong growth in 2017 and early 2018, global economic activity slowed considerably in the second half of last year, and is expected to remain muted in CY2019 as well. As per IMF projections, global GDP growth for CY19 is expected around 3.3%, after remaining relatively higher at 4% in CY17 and 3.6% in CY18. Trade wars have increasingly affected business confidence negatively; the ongoing US – China trade tensions have continued for over a year and is still a cause for concern. A risk surrounding the outcome of BREXIT is also a key concern, with few major economies continuing their inward looking trade and foreign policies. CY2018 also saw rapid rise in global crude oil prices, driven mainly by production cuts by OPEC group countries, as well as threats of IRAN sanction. Financial conditions tightened for Emerging Market economies in second half of CY 2018.

Towards the end of CY 2018, however, Emerging Market currencies generally strengthened, helped by the pause in interest rate hikes by the Federal Reserve and by the truce in the US–China trade disputes. Temporary pause in Iran sanctions also saw cooling off in crude prices, and improvement in currencies of Emerging Market economies. Improved market sentiment toward Emerging Markets reflected in a stabilization and subsequent recovery in portfolio flows, investors increased allocations to emerging market funds.

Growth in Advanced Economies is projected to slow from 2.2% in 2018 to 1.8% in 2019 and 1.7% in 2020, as per IMF projections. Fiscal stimulus unwinding by Advanced Economies is also expected to have an impact on the global slowdown. IMF also expects growth in emerging and developing Asia to dip to 6.3% in 2019 and 2020 (from 6.4% in 2018).

Indian Economy:

FY19 was a mixed bag for the Indian economy. Economic growth started on a high level with Q1 FY19 GDP growth recorded at 8%, however slowed to 6.6% in Q3, due to a combination of factors such as rising crude oil prices, INR depreciation, relative tightening in Monetary Policy and stress in the NBFC sector.

Inflation as measured by the CPI varied between 1.97% and 5%. From a Monetary policy stance, FY19 started with the Repo Rate being at 6%, however was increased to 6.5% and the monetary policy stance was also changed to tightening in view of rising global crude prices & increase in yields across Advanced Economies. However, by Feb'19, RBI reduced Repo Rate to 6.25% and the policy stance was changed to Neutral, considering rapid fall in CPI and requirement to boost economic growth.

On the Fiscal side, the Govt. had to defer the Fiscal Deficit target for the second consecutive year, considering higher govt. spending to counter economic slowdown. Fiscal Deficit was pegged at 3.4% of GDP by FY20 in the Interim Budget. Current Account Deficit, for FY19, is also expected to increase to 2.3% - 2.5%, compared to 1.9% in FY19 and 0.7% in FY17. India, however had a remarkable improvement in World Bank Ease of Doing Business Index, climbing to rank 77 for CY 2018 as compared to rank 130 in CY 2016.

Looking forward to FY20, the key event is the outcome of the General Elections, due in May 2019, to understand the political future for India for the next 5 years. RBI expects CPI in FY20 to be contained overall within the targeted 4%, however there are also upsides risks to CPI arising from sticky core inflation, as well as rise in food inflation. As per CRISIL expectations, GDP growth for FY19-20 is expected to be around 7.3%, driven largely by domestic factors amidst a weakening global growth environment.

Some of the key risk factors for the Indian economy in FY20 would be risk of rising crude prices – driving up Current Account Deficit further, weakening rural demand and risks from global trade wars and slowdown of the global economy.

NBFC Industry:

NBFCs have played an important part in credit growth, including retail credit growth in the economy. As per ICRA research, NBFC retail credit growth ranged from 15% to 21% between FY 2016 to FY 2018, and was expected to grow further.

In the second half of FY 2019, however, the overall NBFC industry faced intense pricing pressure due to the default as well as rating downgrade of few large NBFCs as well as HFCs, primarily on concerns of liquidity and stress in ALM. Due to these defaults and rating downgrades, overall risk aversion was seen for NBFC issuances, particularly for the Debt Capital market borrowings. Moreover, due to increase in Repo Rate, bank funding had also become relatively costly, and hence the overall funding environment of NBFCs remained under challenge for a large part of FY 2019.

Auto Sector:

The industry currently manufactures 25 Million vehicles, of which 3.5 Million are exported. India holds a strong position in the international heavy vehicles arena as it is the largest tractor manufacturer, second largest bus manufacturer and third largest heavy trucks manufacturer in the world. The industry has 7% share in the GDP, it generates 19 Million jobs and 4.3% share in India's exports. The $ 74 Billion Automobile industry is expected to reach $ 300 Billion by 2026.The industry is expected to reach 135 Billion by 2020 and 300 Billion by 2026 at a CAGR of 15%.

The sub-sectors contribution to the overall market in 2018-19:

- Two-Wheeler: 81%
- Passenger vehicles: 13%
- Three-Wheeler: 3%
- Commercial vehicles: 3%

Industry Sales 2018 –

Passenger vehicle sales recorded single digit growth of 5.32 per cent at 33,93,705 units when compared to 32,22,220 units in the calendar year 2017. The overall year was challenging as the festive season sales did not happen as they were expected because of high fuel prices, non-availability of credit and overall sentiment which did not pull customers to the showroom. Out of which top four carmakers mainly Maruti Suzuki, Hyundai India, Mahindra & Mahindra, and Tata Motors accounted for over 82 percent of the Indian passenger vehicle market.

Amidst low consumer sentiment throughout the industry, two-wheeler segment posted a double-digit growth in the year 2018. Two-wheeler domestic sales grew by 12.8 percent in 2018 at 2,16,45,169 units compared to 1,91,82,688 units in the previous year.

Overall commercial vehicle sales showed a robust 27.28 percent growth in domestic market in the calendar year 2018. The CV segment also crossed one million sales mark for the first time in 2018 at 10,04,900 units. Three-wheeler segment grew at a fastest pace, posting a double digit growth of 31 percent in calendar year 2018 at cumulative domestic sales of 7,17,590 units. Three-wheeler sales stood at 5,48,026 units in 2017.

Government Initiatives:

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The government will also set up incubation centre for start-ups working in electric vehicles space.
- In February 2019, the Government of India approved the FAME-II scheme with a fund requirement of Rs 10,000 crore (US$ 1.39 billion) for FY20-22.

Auto Finance Sector:

The Indian Auto market is one of the most matured in the world; with penetration levels of approximately 75% Significant innovation has been seen in areas of digital underwriting, collections and customer life cycle management being driven in the market by leading OEM captives.

The auto finance market is currently at the cusp of a high-growth period fueled by economic growth, innovative products, improved credit collection processes and effective use of online channels providing an addressable opportunity of over INR 2600 billion by FY'20. The growth will be driven on the back of Increase per annum in ticket size of cars (3 to 5%); LTV growth (2 to 3%); Finance penetration growth (75 to 80%) & an Addition of 100 million people into middle class category every year.

The country's strong fundamentals driven by 1) Strong Credit Infrastructure; 2) Product variants and new segments; 3) Used Car Financing & 4) Regulations favoring NBFCs and Captives, provide a significant foundation to the market. However, the challenge faced by auto financiers- portfolio profitability- still remains. 2018 also witnessed bit of liquidity crisis faced by NBFCs due to overall situation affected by 2 leading NBFCs

Banks currently hold 53% share in auto finance outstanding while NBFCs account for the rest. NBFCs have increased their market share to 47% owing to factors such as controlled operating cost, wider and effective reach, strong risk management, and better understanding of their customers. In terms of segments, around 85 per cent of NBFCs' vehicle finance portfolio is comprised of commercial vehicle (CVs) and car/utility vehicle (UVs) financing. The balance includes tractor and two/three wheeler financing. The other major segment, cars and UV financing, which constitutes 34 per cent of the overall NBFC vehicle finance portfolio, is expected to clock a CAGR of 18 per cent over the next three financial years, due to increasing disposable incomes, growing preference for higher-value UVs and improving penetration of formal finance, according to CRISIL.

The shift toward earlier recognition of NPAs by NBFCs as mandated by the RBI will lead to higher credit costs but their efficient recovery process and economic recovery will ensure the overall credit costs remain stable. In the longer term, credit costs are expected to come down led by availability of

CIBIL information in rural areas, growth in disposable incomes, enhanced analytics and better recovery process.

State Of Company & Results of Operation:

The Company is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India. The Company is engaged in the business of providing finance for the purchase of Toyota Cars to retail and corporate customers as well as providing wholesale finance & term loans to Toyota Dealers.

In order to provide convenience of repayment to the customers, the Company offers a wide range of auto loan products such as Smart Finance, Flexi Finance, Easy Finance etc., along with Classic finance. Although these products are new and not so prevalent in India, the Company expects them to grow in future. In FY 18-19 we have observed a steady growth in Smart Finance loans which is expected to grow further. The Company also supports dealers to sell more value added products such as Toyota Genuine Accessories, First Year Insurance, Extended Warranty, and Multi-Year Insurance by bundling loan on these products along with car loan and offering customer convenience of purchase.

The Company financial products are offered by well-trained employees present at Toyota dealership, who assist customers to complete entire loan process faster and easier. Currently we complete loan processing within 8 hours and are looking to reduce the TAT further in future. 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 and its digital presence by developing Fintech solutions to deliver enhanced Toyota experience to broader base of customers. As of March 19, the company is present at 179 outlets which accounts for 86% of overall Toyota sales in India. The company disbursed 27,035 contracts for Toyota new cars in FY'19, which is 22.4% of Toyota sales in the coverage area. As of March 19, the company maintains more than 103,000 live contracts in its new car auto loan portfolio. The Company also provides used car finance to customers willing to buy used cars through U Trust dealer outlets present in 82 locations PAN India. In FY'19, the Company disbursed 1,446 cases of used car.

The Company under its Lexus Financial Services wing which was launched in March 2017 with the objective of offering best-in-class product and services in addition to provide amazing experience to Lexus customers in India disbursed 56 contracts for Lexus new cars which was 10% of Lexus Sales.

The Company also offers wholesale funding and term loan to Toyota dealers for supporting their finance requirements. In addition to loan facilities to purchase new car, used car and spare parts, the Company also finances dealers for infrastructure expansion. Currently the Company is providing dealer finance to 50 dealers and total book size is 12,647 million as of March 18.

Financial Performance:

The balance of loans and advances as of March 2019 was INR 74,348 million (previous year INR 60,058 million re-casted under IND AS), increased by 7.66% from the previous year.

The revenue from operation, of which main streams are interest income and fee income, was 6,985 million vis-à-vis 6,675 million in previous year, while finance cost was at 4,462 million vis-à-vis 3,996 million in previous year. Operational expenses (employee benefits, depreciation and amortization, and others) were at 2,019 million vis-à-vis 1,089 million in previous year, having increased along with expansion of business.

In FY18-19 the Profit Before Tax was at 549 million vis-à-vis a Profit Before Tax of 617 million in previous year, while the Profit After Tax was at 358 million vis-à-vis Profit After Tax of 398 million in previous year.

Non-Performing Asset (NPA):

As of March 2019, the company's gross NPA ratio vs. overall outstanding loan principal was 2.17% vis-à-vis 3.41% in previous year. After netting off with credit loss provisions, net NPA ratio was 1.01% vis-à-vis 1.79% in previous year.

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

The company makes credit loss provisions based on defined internal provisioning policy and recommended by the regulator.

Borrowings:

In FY 18-19, the company rebalanced the borrowing mix to increase proportion of bank funding, in light of increased Debt Capital Market rates, as well as tight liquidity in Debt Capital Market for NBFC issuances (post the default of a large high-rated NBFC), in order to support the growing business competitively and ensure funding stability & availability of funding liquidity through diversification of borrowing sources. Your company successful concluded issuance of first INR denominated offshore bonds ('Masala Bonds') in FY 18-19, in an attempt to further diversify funding sources. Your company continues to maintain strong relationship with various banks to mitigate liquidity risk.

The Company's borrowing portfolio as of March 2019 consists of 48% by Non-convertible Debentures, 13% by Commercial Papers, 28% by bank loans, 5% by INR External Commercial Borrowing (INR ECB Loan) and 6% by INR Denominated Offshore Bonds ('Masala Bonds'). The company continues to maintain appropriate mix of long and short term borrowings for healthy asset liability position.

Collections:

The company has established a different team which is identified as Debt & Services Management Group also known as DSMG. This team looks after the funds recovery from our customer base and thus directly contributes to the company's P&L statements.

TFSIN started with having only the field teams who managed agencies who in return did collections. But this did not help in increasing the overall profitability nor did it bring down delinquency. Plus it was also realized they would need a support team at the HO location so that they can operate smoothly. Thus the DSMG Strategy team was formed to manage and support the field staff.

The formation of team DSMG (Field and Central) has happened over a period of time and each role involved has been logically thought through to ensure that the field team receives optimum support and thus meet the objective of overall reduction in delinquency.

The DSMG strategy team has been elementary in building up and setting new processes which have contributed to a remarkable reduction in delinquency. The major responsibilities can be highlighted as shown below:

1. Tele calling operations
2. Managing the collection agencies
3. MIS circulations of all relevant details
4. Introduction of new age and online payment collection options, such as Paytm, etc.
5. Repossession of assets which have moved into higher delinquency
6. Auction of the repossessed assets within the permissible legal guidelines to recover the loss incurred by the company
7. Initiate legal actions wherever applicable
8. Overall compliance and audit requirements for managing collections

Apart from this, DSMG has also been instrumental in bringing in new technical reformations in the collection systems by introduction of CIM, online banking options etc. We are also in process for having AI based allocation of cases and usage of RPA as well.

Over a period of time DSMG team has been steadily moving towards its set target within a stipulated timeframe and while ensuring optimum compliance with all audit guidelines.

However there are certain challenges that we come across in our regular operations as well. The same can be highlighted as shown below:

- Optimum utility of the collection system and FinnOne
- Process definitions and control mechanisms for the existing DSMG processes

There have been a lot of changes and modifications that we have introduced in the DSMG processes over a period of time to eliminate maximum risk possibilities. However there are still areas where we need to put in more efforts for the same. We have set up new processes and have made a few important strategic decisions. With new leadership and a massive change in the organizational structure, we are expecting that new initiatives will set in and the consequences will be a visible reduction in the delinquency trend at the shortest span.

Risk Management:

There are various types of risks that the Company is exposed to. Some of them can be assessed to be the customer's Credit Risk, Market Risk, and Operational Risk etc. The Company is leveraging the latest trends in Analytics to empower its Risk Management capabilities by incorporating Credit Scorecards and Origination based Profitability to assess risks arising from underwriting and proactively mitigating them. The Company is also investing resources diligently into building a strong and efficient Enterprise Risk Management team.

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

Market Risk is something that arises from movement in market prices. Components contributing to market risk are Interest Rate Risk and Liquidity Risk. Interest Rate Risk arises due to changes in Interest rates as the Company's assets have longer maturity periods than its liabilities. Liquidity Risks arise when a company is unable to convert a security or an asset into cash without facing a Loss of Capital (or income). To mitigate this, the Company holds the Asset and Liabilities Committee (ALCO) meetings every month which monitors the development in economy & financial market and various Risk metrics that show Asset & Liability profile and risks therein. Funding plan and risk controlling countermeasures are also discussed there to control risk profile.

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

Thus, the overall Risk Management of the Company that includes aspects of Credit Risk, Market Risk and Operational Risk is encapsulated in the RMC and ALCO and represents the Company's "Enterprise Risk Management Framework".

Internal Control:

The Company has established internal financial control and risk management framework with appropriate policies and procedures to ensure high standards of integrity & transparency in its operations and a strong corporate governance structure while ensuring efficient service to various stakeholders.

Appropriate internal Financial Controls are in place to ensure
a) orderly and efficient conduct of business including adherence to policies;
b) safeguarding of assets;
c) prevention and detection of frauds and errors;
d) accuracy and completeness of accounting records; and
e) timely preparation of reliable financial information.

Information Technology/ Project Office:

Throughout FY19, your company's IT systems remained stable, supporting business transactions effectively. Your company has also launched the improved TFSIN Website to enhance customer online experience.

Your company has initiated its digital journey through the pilot launch of DIGI to transform the customer onboarding experience making it simpler and faster. DIGI's new 'Mobility' and 'Workflow' systems would help enhance employee productivity and reduce 'Credit decision Turnaround Time'. Further introduction of Analytical score cards and e-documents in near future would help your company provide 'Best-In-Class' customer experience.

Your company has effectively launched the collections mobility platform which along with enhancing the customer experience is also effective in improving employee productivity.

To enhance operational efficiency, Your Company is setting up robust platform to enable seamless and secured exchange of information with banks to automate 'Payments' and 'Bank reconciliation' leading to reduced Turnaround time and Manual efforts.

With 'Toyota Production System' [TPS] principles as guiding light, Your Company is exploring feasibility for implementation of 'Robotic Process Automation' to further enhance operational efficiency across the organization to achieve lean operations.

In alignment to the RBI requirements your company has completed the its IT vendor risk management program where in all critical technology partners are audited to ensure the information security or cyber security risks if any are identified and mitigated.

Your company has also enhanced its capability to identify, detect, respond to and recovers from security incidents and successfully carried out the cyber incident response drill this year.

Your company continued the focus on building strong awareness among employees towards the importance of information / cyber security through phishing and online / offline awareness sessions which from this year onwards has now been extended to board members.

Your company in the coming years would be going digital with the primary areas of focus being digital customer journey, new business models, and digital operations all of which would mainly be driven by technology.
We shall embark ourselves on a digital transformation journey and improve customer experience, enhance employee productivity through exploring and implementing workplace collaboration tools.

Focus towards engaging employees at the workplace continues. Employees gave a total favorable engagement score of 87% in the annual Employee Engagement Survey (conducted with the help of Willis Towers Watson), on par with TFSIN APR scores. Your company would continue to keep this focus towards taking appropriate actions to ensure we sustain and improve employee's level of engagement.

Your company carries on its committed efforts towards social responsibility. Your Corporate Social Responsibility (CSR) program with active involvement from your employees has been going on in full swing. This year towards the education and development of underprivileged children, your company continued its association with "Goal of Life" program that focusses on bringing about behavioral changes and incorporating life lessons using Football as a medium amongst street kids at Delhi. Your company has taken this focus a notch higher by supporting the mid-day meal program for under-privileged students, and skill development for disabled and underprivileged youth. Additionally, continuing the success of last year, your company took up the construction of another underprivileged government school near Bidadi, Karnataka. Lastly, a contribution to Prime Minister's relief fund was made to support various relief activities being undertaken by the Government of India.

As your company transitions towards the next phase of stabilized growth; it recognizes the criticality to build a strong leadership pipeline nurtured and nourished by the Toyota Way, and consistently demonstrating TFSIN competencies to build an agile and sustainable organization.

<u>Human Resources:</u>

The Company continues its journey towards building a capable and agile workforce that will realize the overall vision.

Towards realizing this vision, your company continues its focus towards building a strong foundation based on the principles of 'Toyota Way' and TFS values by encouraging a culture of Kaizen still.

- A comprehensive training and development program based on Training Needs Identification (TNI) has ensured an all-round development of employees (>95% coverage) covering aspects of

Toyota Best Practice (TBP), respective functional needs, and behavioral / soft skill needs of the employees.

- The development program has received further impetus through its collaboration with Toyota Kirloskar Motors especially on "TPS implementation in service areas". The TEA (Train – Experience – Apply) approach has effectively provided true ROI in terms of implementation of live projects incorporating TPS concepts.
- Additionally, a culture reinforcement intervention titled "HAMARA VIKAS" meaning "Our Development" was launched. VIKAS being an acronym for "**V**alues **I**ntegrated **K**aizen mind-set **A**pplied to **S**ucceed". The approach has been to create Awareness, Engage, and Reward positive behaviors.
- Lastly, the competency framework was reviewed and suitable changes were made to make the competency evaluation and assessment more objective and development focused towards building a leadership pipeline for the future.

Efforts towards creating a lean operations structure was supported by maintaining employee count at 409 by the end of FY18-19. The average age of employees stood at 34.6 years, with gender diversity of 11.2% (% of women workforce). A total of 69 new members were welcomed into the Toyota family in the last year to balance out a higher attrition rate of 17.11%

ANNEXURE - 2

DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AD REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of the Director	Remuneration of Director	Ratio of remuneration of each director to median remuneration of employees
1	Mr. Tomohei Matsushita (MD & CEO)	INR. 22,306,893	22,306,893:4,03,900

2. Percentage increase in remuneration of each director, chief financial officer, company secretary in the financial year:

Key Managerial Personnel	Percentage Increase in Remuneration
Managing Director & CEO	7.44%
Chief Financial Officer	9.7%
Company Secretary	8.20%

3. Percentage increase in median remuneration of employees in the financial year: 10.22% (4,03,900/3,66,450)

4. Number of permanent employees on the roll of Company: 401 employees.

5. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   8.99%: 8:58%, Average percentile increase in the salaries of employees is more than the percentile increase in managerial remuneration.

6. The remuneration is paid in accordance with Remuneration policy of the Company.

DETAILS IN TERMS RULES 5 OF THE COMPANIES (APPOINTMENT AD REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No	Name of the Employee	Designation	Educational qualification	Age (in years)	Experience (in years)	Date of Joining	Gross remuneration Paid Per annum (INR)	Previous employment and designation held
1	Norimasa Ogawa	CFO	M.COM	36	11	22-Feb-18	23,310,845	Toyota Financial Services Corporation

Sl. No	Name of the Employee	Designation	Educational qualification	Age (in years)	Experience (in years)	Date of Joining	Gross remuneration Paid Per annum (INR)	Previous employment and designation held
2	Tomohei Matsushita	MD & CEO	BBA	53	31	1-Jan-16	22,306,893	Toyota Financial Services Corporation
3	Anupam Vasdani	VP & Head of Finance, Accounts and Treasury	B.COM , CA	39	13.8	28-May-12	8,060,800	Habitat Housing Finance Ltd.
4	Harish Sharma C L	GVP & Head – IT, HR & Admin	BE, MBA	39	17.2	16-Jan-12	7,429,800	ANZ Support Services India Pvt Ltd.
5	Gaurav Hathi	DVP & Head - Strategic Initiatives	B.COM	50	28.6	7-Sep-12	5,936,300	Tata Motor Finance Ltd
6	Joseph Pillai	DVP & Head - Debt Service Management	B.COM	42	15.9	4-May-18	5,881,848	Janalakshmi Financial Services Pvt. Ltd.
7	P S Sridhar	VP & Head - Internal Audit	B.SC, CA	52	25.3	4-Jul-11	4,598,800	Sundaram Finance Ltd.
8	Kamesh Chaudhary	VP & Head - Sales & Marketing	BE, MBA	45	20.1	30-Sep-11	4,399,021	ICICI Bank Ltd
9	Sandeep Manhas	DVP & Head - Product and Marketing	BA, PGDM	40	13.4	26-Dec-17	4,202,200	Daimler Financial Services India Pvt. Ltd.
10	Manoj Kumar TS	DVP & Head - Human Resource Development	BA, MA, PGDM-IR, MBA, MSS	53	33.7	11-Jul-11	3,905,100	Deccan Cargo & Express Logistics Pvt Ltd

TOYOTA FINANCIAL SERVICES

ANNEXURE-3

Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

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

1. Details of contracts or arrangements or transactions not at arm's length basis*:

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

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

Name(s) of the related party and nature of relationship	Toyota Kirloskar Motor Private Limited (TKM)	Toyota Kirloskar Motor Private Limited (TKM)	Toyota Motor Asia Pacific PTE. LTD
Nature of contracts/ arrangements/ transactions	Intragroup Services of Economic and Commercial Value	Intragroup Services of Economic and Commercial Value - Sublease	Intragroup Services of Economic and Commercial Value.
Salient terms of the contracts or arrangements or transactions including the value, if any	The Contract was executed for availing various types IT related services from TKM from time to time. Pursuant to the said contract, Statement of Work is executed between TKM and TFSIN.	It is a sublease agreement of economic value. The value of such transaction has been given in financials statement. Refer the same for more information.	To avail the services pursuant to the service agreement as specified in any applicable SOW and at a consideration for the services provided under SOW as and when executed.
Date(s) of approval by Board, if any-	Board Approval - May 24th, 2018	Board Approval – July 11, 2018	Board Approval – February 15, 2019
Amount paid as advances, if any	Nil	Nil	Nil

ANNEXURE-4

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FY 18-19

1. Brief Outline of the Company's CSR Policy including projects overview or programs proposed to be undertaken and a reference to the web link to CSR policy and projects and programs: The Company contributed to sustainable development of society by undertaking various projects and programs which will enhance the quality of life and well-being of diverse people clusters in society. Guided by the Act and Toyota's basic philosophy regarding CSR, depending upon the area that needs utmost attention and support for the development of the society and for to meet direct needs of the society, the Company decide upon the kind of programs,/ projects and/ or activities that can be undertaken by the Company for a particular tenure. Implementation of such programs / projects / activities are done either directly through Company's personnel or through appointment of external agencies, trusts, institutions etc depending upon the best suitable way or method of execution of such observed activity(ies). During the reporting period, the company undertook various projects (detailed below). The Company also contributed certain portion of its CSR to Prime Minister's National Relief Fund. The CSR policy is in the Company's portal at **https://www.toyotafinance.co.in/corporate-governance.**
2. Composition of CSR committees: **Refer to the point 'Corporate Social Responsibility' of this report.**
3. Average net profit of the company for last three (3) financial years of the Company: **945,492,425**
4. Prescribed CSR Expenditure (two percent (2%) of the amount as in item 2 (above): **18,910,000 (Rounded off)**
5. Details of CSR spend for the financial year: 2018-19
   a. Total amount spent for the financial year: **18,910,000 (Rounded off)**
   b. Amount unspent, if any: NA
   c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Activity	Sector in which the project is covered	Project or programs 1. Local Area 2. Specify the state and district where CSR project was under taken	Amount outlay (budget) project or program wise.	Final Payment Project wise	Cumulative expenditure up to the reporting period.
1.	Construction of school building, toilets and other facilities for under privileged Government school	1. Rural Area development 2. Promoting education & educational activities at rural area 3. Sanitation and cleanliness	Government Higher Primary school, Annahally village, Ramanagaram District, Karnataka	Rs. 7,500,000	Rs. 8,112,733	Rs. 9,190,433
	1a. Additional works at kenchanakuppe School a. Concrete works around the building b. Safety grills at rear side c. Construction of additional wall with foundation d. Sump motor and pipe line		Government Higher Primary school, Kenchanakuppe village, Bidadi Hobli, Ramanagaram District, Karnataka	0	Rs. 503,200	

	1b. Improvements at Kenchanakuppe school, Dining hall roof and furniture			0	Rs. 490,000	
	1c. Temporary washrooms			0	Rs. 84,500	
2.	Goal of Life- Skill development, behavior change, life science education of underprivileged children	Promoting education, promoting gender equality and training to promote natioanally recognized sports	Kotla Mubackpur, Khan market, Nizamuddin, Gherva of Delhi	Rs. 2,100,000	3. Rs. 2,500,000	Rs. 2,500,000
3.	Support for Mid-day meal for underprivileged students, procurement of utensils	Eradicating hunger, poverty and malnutrition and promoting education	Bangalore and adjoining schools, however Akshyapatra serving in mostly rural part of Karnataka	Rs. 2,500,000	Rs. 2,500,000	Rs. 2,500,000
4.	Skill development for disabled and underprivileged youths	Eradicating hunger, support for differently abled children in their education and life building activities	HSR layout, Bangalore, Karnataka	Rs. 6,000,000	Rs. 4,200,000	Rs. 4,200,000
5.	Contribution to Prime Minister National Relief Fund	-	-	Rs. 810,000	Rs. 519,567	Rs. 519,567
	Total			**Rs. 18,910,000**	**Rs. 18,910,000**	**Rs. 18,910,000**

ANNEXURE 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2019

To,
The Members,
TOYOTA FINANCIAL SERVICES INDIA LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Toyota Financial Services India Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable to the Company during the Audit Period)**;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; **(Not Applicable to the Company during the Audit Period)**; and

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

vi) Other Laws Applicable Specifically to the Company namely:

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

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

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

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

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

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

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

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

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

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

WE FURTHER REPORT THAT:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except with respect to those agenda items which the company deemed to be unpublished price sensitive information (UPSI), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that based on the review of the compliance mechanism adopted by the company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

TOYOTA
FINANCIAL SERVICES

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

Bengaluru
May 20, 2019

For **V. SREEDHARAN & ASSOCIATES**

Sd/-
(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP No. 7835

For **Toyota Financial Services India Limited**	For **Toyota Financial Services India Limited**
Tomohei Matsushita **Managing Director** **DIN: 07335725** **Date: May 28, 2019** **Place: Bangalore**	**Hao Quoc Tien** **Director** **DIN: 08346688** **Date: May 28, 2019** **Place: Bangalore**

Form MGT 9

EXTRACTS OF THE ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2019 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 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 Fintech Private Limited, Karvy Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi, Telangana – 500032

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%	2(46)

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	
A. Promotors									
1)Indian									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other….	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-
2)Foreign									
NRI - Individuals	-	1	1	0.00%	-	1	1	0.00%	0.00%
Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp	-	957,972,951	957,972,951	100%	-	957,972,951	957,972,951	100%	0.00%
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other….	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)	-	957,972,952	957,972,952	100%	-	957,972,952	957,972,952	0.00%	0.00%
B. Public share Holding									
1)Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-

Sub total	-	-	-	-	-	-	-	-	-
2)Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	5	5	0%	-	5	5	0%	0%
ii)Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub total	-	5	5	0%	-	5	5	0%	0%
Total Public shareholding (B)	- -	5	5	0%	-	5	5	0%	0%
C. Shares held by custodians for GDR's and ADR's	-	-	-	-	-	-	-	-	-
Grand total (A+B+C)	**-**	**957,972,957**	**957,972,957**	**100%**	**-**	**957,972,957**	**957,972,957**	**100%**	**0%**

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	957,972,957	100%	0%	957,972,957	100%	0%	--

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

Promoters' Shareholding	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	957,972,957	100%	957,972,957	100%
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	957,972,957	100%	957,972,957	100%

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

During the year, there have been no changes in shareholding in terms of number of shares or as percentage of total shares of the company in respect of members other than directors, promoters and holders of GDRs and ADRs

Name of Shareholder at the being of the year	No of shares held	Percentage of total shares of the company	Name of the Transferee	Date of transfer	Name of Shareholder at the end of the year	No of shares held	Percentage of total shares of the company
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

a) Mr. Tomohei Matsushita, Managing Director and CEO (KMP)

For Mr. Tomohei Matsushita	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%	1	0%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0%	0	0%
At the End of the year	1	0%	1	0%

b) Hao Quoc Tien, Non-Executive Director:

For Mr. Hao Quoc Tien	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%	1	0%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the	0	0%	0	0%

reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
At the End of the year	1	0%	1	0%

c) Masakazu Yoshimura, Non-Executive Director:

For Mr. Masakazu Yoshimura	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%	1	0%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0%	0	0%
At the End of the year	1	0%	1	0%

d) Mr. Narayanaswamy Raja, Non-Executive Director:

For Mr. Narayanaswamy Raja	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
At the beginning of the year	0	0%	0	0%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): **Transfer of Share**	1	0%	1	0%
At the End of the year	1	0%	1	0%

e) Mr. Norimasa Ogawa, CFO (KMP):

For Mr. Norimasa Ogawa	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
At the beginning of the year	0	0%	0	0%
Date wise Increase / Decrease in Promot Shareholding during the year specifying reasons for increase / decrease (e allotment / transfer / bonus/ sweat equ etc): **Transfer of Share**	1	0%	1	0%

At the End of the year	1	0%	1	0%

The rest of the Directors i.e. Ms. Asha Sampath and Ms. Renu Rajani do not hold any shares in the Company as on end of the financial year.

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

V. **Indebtedness**

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

Particulars	No. of Units	Nominal value per unit	Total Indebtedness (Rs in Mn)
Non-convertible debentures	29,900	1000000	29,900,000,000
Partly convertible debentures	0	0	0
Fully convertible debentures	0	0	0
Secured Loans (including interest outstanding/accrued but not due for payment) excluding deposits			0
Unsecured Loans (including interest outstanding/accrued but not due for payment) excluding deposits			32,261,870,000
Deposit			0
Total	37,323	18,780	56,103

Details of Debentures:

Class of debentures	Outstanding as at the beginning of the year	Increase during the year	Decrease during the year	Outstanding as at the end of the year
Non-convertible debentures	36,700,000,000	3,200,000,000	10,000,000,000	29,900,000,000
Partly convertible debentures	0	0	0	0
Fully convertible debentures	0	0	0	0

Securities (other than shares and debentures):

Types of Securities	Number of Securities	Nominal value each Unit	Total Nominal Value	Paid up Value of each Unit	Total Paid up Value
Masala Bond Seriees 1	3,550	1000000	3,550,000,000	992369.0141	3,522,910,000
Total	3,550		3,550,000,000		3,522,910,000

XV. **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. Tomohei Matsushita, 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	22,306,893
2	Stock Option	
3	Sweat Equity	0
4	Commission - as % of profit - others, specify…	0
5	Others, please specify	0
	Total (A)	22,306,893

The Managerial Remuneration is paid with in the ceiling limit under Schedule V of the Companies Act, 2013.

B. Remuneration to other directors:

I. Non - Executive directors: NIL

II. Independent directors:

Sl. No	Particulars of Remuneration	Independent Directors	
		Renu Rajani	**Asha Sampath**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0

2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit - others, specify…	0	0
5	Others, please specify *Sitting fee	400,000	400,000
	Total	400,000	400,000

Sitting fee of INR. 1,00,000 paid for 4 board meeting each attended by independent directors during 2018-19.

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

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Mr. Norimasa Ogawa, CFO
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	23,310,845
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify…	-
5	Others, please specify	-
	Total (A)	23,310,845

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Ms. Reena Mary, CS
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	1,599,200
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify…	-
5	Others, please specify	-
	Total (A)	1,599,200

XVI. Penalties / Punishment/ Compounding of Offences

Nil

For **Toyota Financial Services India Limited**	For **Toyota Financials Service India Limited**
Sd/- **Tomohei Matsushita** **Managing Director** **DIN: 07335725** **Date: May 28, 2019** **Place: Bangalore**	**Sd/-** **Hao Quoc Tien** **Director** **DIN: 08346688** **Date: May 28, 2019** **Place: Bangalore**

B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1, B Block, 2nd Floor
Inner Ring Road, Koramangala
Bangalore 560 071 India

Telephone +91 80 7134 7000
Fax +91 80 7134 7999

Independent Auditors' Report

To the Members of Toyota Financial Services India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toyota Financial Services India Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Transition date accounting policies

Refer to the accounting policies in the financial statement: Significant Accounting Policies- "Basis of preparation" and "Note 37 to the financial statement, First time adoption"

The key audit matter	How the matter was addressed in our audit
Adoption of new accounting framework (Ind AS) Effective 1 April 2018, the Company adopted the Indian Accounting Standard ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial asset and financial liabilities • Measurement of Loan losses (expected credit losses) • Accounting for loan fees and costs • Derecognisation of financial assets as per Ind AS 109 majorly on account of repossessed Asset. The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, first time adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgement and application on the areas noted above.	Our key audit procedures included: **Design / Controls** We have confirmed the approvals of Board/Audit Committee for the choices and exemptions made by the Company for compliance under Ind AS 101 and accounting policies changes as required by Ind AS. **Substantive tests:** • Evaluated management's transition date choices and exemptions for compliance with under Ind AS 101. • Understood the methodology implemented by management to give impact on the transition • Assessed the accuracy of the computations. • Assessed areas of significant estimates and management judgement in line with principles under Ind AS.

04

Key Audit Matters (continued)

Impairment of loans and advances to customers

Charge to the Statement of Profit and Loss : INR (193.23) millions
Provision as at 31 March 2019 : INR 1,240.81 millions

The key audit matter	How the matter was addressed in our audit
Substantive estimate Recognition and measurement of impairment on loans and advances involve significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Segmentation of loan book • Loan staging criteria • Rating migration for non-retail portfolio • Calculation of probability of default/ Loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors • Complexity of disclosures We identified impairment of loans and advances to customers as a key audit matter because there is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Our Audit procedures included: **Design / Controls** • Evaluation of the appropriateness of the impairment principles based on the requirement of Ind AS 109. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Testing of management review controls over measurement of impairment allowances and disclosures in financial statements. **Substantive test** • We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations were tested through re-performance where possible. • The appropriateness of management's judgements was also independently reconsidered in respect of calculation methodologies, segmentation, rating migration, economic factors, and the period of historical loss rates used, loss emergence periods, the valuation of recovery assets and collateral.

Key Audit Matters (continued)

IT System and Control

The key audit matter	How the matter was addressed in our audit
The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst, its multiple IT systems, four systems namely System Applications and Products ('SAP'), Finnone, Indus and People works are key for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	Our key IT audit procedures included: • We tested user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • We also assessed other areas which includes password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Bank Reconciliation System ('BRS')</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Company has collections from the customer primarily in the form of Electronic Clearing House (ECH), National Automated Clearing House (NACH) and Post Dated Cheques ('PDC'). In the case of default customers the additional mode of collection is cash, cheques, demand draft and NEFT/RTGS.

We have identified Bank reconciliation statement ('BRS') as a key audit matter as the Company has high volume of transactions routed through Bank and BRS is a high level control over the accuracy of entries made in the books. Further, any delay in collection and clearance of cheques is highlighted in a timely manner. This is important as cheques have limited period of validity after which they become stale. Reconciliation at a regular interval is required to ensure that the control is operating effectively.</td><td>Our key audit procedures included:

<u>Design / controls</u>
• We have tested the design, implementations and operating effectiveness of key internal control over preparation of BRS and treatment of the reconciliation items.

• We have tested the management review controls to ensure BRS is prepared and reconciled at regular interval.

<u>Substantive tests</u>
• We have obtained the Bank Reconciliation Statements for all the Banks Accounts as at 31 March 2019;

• We have verified that bank balance as per Bank reconciliation statement agrees to bank statement and independent confirmation received from all the banks.

• We have done test of details for significant reconciling items to ensure accuracy and existence.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

Other Matter

The comparative financial information of the Company for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2017 included in these Ind AS financial statements, are based on the previously issued statutory financials statements prepared in accordance with the accounting principles generally accepted in India, including the accounting standard specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended 31 March 2018 and 31 March 2017 dated 24 May 2018 and 26 May 2017 respectively expressed an unmodified opinion on those financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Report on Other Legal and Regulatory Requirements (continued)

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

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

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

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 28 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 28 to the financial statements;

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

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

Independent Auditors' Report (continued)

Toyota Financial Services India Limited

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W – 100024

N Sampath Ganesh
Partner
Membership No. 042554

Place: Mumbai
Date: 28 May 2019

Toyota Financial Services India Limited

Annexure A to the Independent Auditor's Report of even date on financial statements of Toyota Financial Services India Limited

The Annexure referred to in the Independent Auditor's Report to the members of Toyota Financial Services India Limited ("the Company") on the financial statements for the year ended 31 March 2019, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified every year. Pursuant to the programme, all the fixed assets have been physically verified during the year and no material discrepancies were observed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company does not hold any immovable properties as on the reporting date. Therefore, the provisions of Clause 3(i) (c) of the Companies (Auditors' Report) Order, 2016 ("the Order") are not applicable to the Company.

(ii) The Company is a Non- Banking Finance Company ("NBFC"), primarily engaged in the business of asset financing. Accordingly, it does not hold any physical inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required to be maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loans, investments, guarantees and securities covered under Section 185 and 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, Clause 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Accordingly, Clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, Income-tax, goods and services tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales- tax, duty of customs and duty of excise.

Annexure A to the Independent Auditor's Report of even date on financial statements of Toyota Financial Services India Limited *(Continued)*

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, Income-tax, goods and services tax, cess and other material statutory dues were in arrears, as at 31 March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of goods and services tax, cess and other material statutory dues which have not been deposited by the Company on account of any disputes. However, according to the information and explanations given to us, the following dues of Income-tax have not been deposited by the Company on account of disputes:

Name of the Statute	**Nature of the dues**	**Amount demanded (INR)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Income Tax Act, 1961	Income tax and interest demanded	11,043,280	AY 2016-2017	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax and interest demanded	1,176,770	AY 2015-2016	Commissioner of Income Tax (Appeals)

(viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, banks or debenture holders during the year. The Company did not have any outstanding loans or borrowings from the government during the year.

(ix) In our opinion and according to the information and explanations given to us, term loans and debentures were applied for the purpose for which the same were obtained. The Company has not raised any money by way of initial public offer or further public offer during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, except for cases reported in Note 38, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we informed been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3 (xii) of the Order is not applicable.

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

Annexure A to the Independent Auditor's Report of even date on financial statements of Toyota Financial Services India Limited *(Continued)*

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is required to, and has been registered under 45-IA of the Reserve Bank of India Act, 1934 as an Asset Finance Company with effect from 13 November 2015.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W – 100024

N Sampath Ganesh
Partner
Membership No. 042554

Place: Mumbai
Date: 28 May 2019

Annexure B to the Independent Auditors' report on the Financial Statements of Toyota Financial Services India Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Toyota Financial Services India Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

Annexure B to the Independent Auditors' report on the Financial Statements of Toyota Financial Services India Limited for the year ended 31 March 2019 (continued)

Auditors' Responsibility (continued)

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W – 100024

N Sampath Ganesh
Partner
Membership No. 042554

Place: Mumbai
Date: 28 May 2019

Toyota Financial Services India Limited
Balance sheet as at

(Amounts are in INR Million)

	Particulars	Notes	31 March 2019	31 March 2018	01 April 2017
	Assets				
	Financial assets				
(a)	Cash and cash equivalents	3	2,902.36	1,086.01	5.98
(b)	Trade receivables	4	27.89	23.94	126.95
(c)	Loans	5	74,348.11	69,058.96	61,788.66
(d)	Other financial assets	6	34.58	30.36	27.18
	Non-financial assets				
(a)	Current tax assets (net)	7	172.89	41.40	1.99
(b)	Deferred tax assets (net)	8	274.56	331.15	197.44
(c)	Property, plant and equipment	9	103.19	43.57	47.27
(d)	Other intangible assets	10	46.50	30.93	23.54
(e)	Intangible assets under development	10	11.39	3.33	13.78
(f)	Other non-financial assets	11	105.03	54.49	119.20
	Total Assets		**78,026.50**	**70,704.14**	**62,351.99**
	Liabilities and Equity				
	Liabilities				
	Financial liabilities				
(a)	Payables				
	Trade payables	12	1,064.80	749.81	671.42
	(i) total outstanding dues of micro enterprises and small enterprises		0.21	1.25	0.22
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,064.59	748.56	671.20
(b)	Debt securities	13	41,631.30	45,483.00	45,537.80
(c)	Borrowings (other than debt securities)	14	21,010.37	10,582.98	4,302.48
(d)	Other financial liabilities	15	188.72	125.97	90.86
	Non-financial liabilities				
(a)	Provisions	16	52.72	49.37	52.29
(b)	Other non-financial liabilities	17	54.04	46.58	28.80
	Equity				
(a)	Equity share capital	18	9,579.73	9,579.73	8,638.55
(a)	Other equity	19	4,444.82	4,086.70	3,029.79
	Total Liabilities and Equity		**78,026.50**	**70,704.14**	**62,351.99**

Significant accounting policies — 2
Notes to the financial statements — 3 - 40
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/W - 100024

N Sampath Ganesh
Partner
Membership No. 042554

Mumbai
28 'May 2019

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

Tomohei Matsushita
Managing Director & CEO
DIN:07335725

Bangalore
28 'May 2019

Hao Quoc Tien
Director
DIN:08346688

Bangalore
28 'May 2019

Norimasa Ogawa
Chief Financial Officer

Bangalore
28 'May 2019

Reena Mary
Company Secretary
ACS23518
Bangalore
28 'May 2019

Toyota Financial Services India Limited
Statement of Profit and Loss for the year ended

(Amounts are in INR Million)

	Particulars	Notes	31 March 2019	31 March 2018
	Revenue from operations			
(i)	Interest income	20	6,687.44	6,465.48
(ii)	Rental income		9.33	-
(iii)	Others	21	300.07	211.69
(I)	**Total Revenue from operations**		**6,996.84**	**6,677.17**
(II)	Other income	22	132.15	41.95
(III)	**Total Income (I+II)**		**7,128.99**	**6,719.12**
	Expenses			
(i)	Finance cost	23	4,462.17	3,996.30
(ii)	Impairment on financial instruments	24	1,028.45	1,108.16
(iii)	Employee benefit expenses	25	412.47	358.22
(iv)	Depreciation, amortisation and impairment	9 & 10	30.42	30.13
(v)	Other expenses	26	646.13	609.69
(IV)	**Total expenses**		**6,579.64**	**6,102.50**
(V)	Profit before tax		549.35	616.62
(VI)	Tax expense			
	1. Current tax	8	134.50	352.50
	2. Deferred tax	8	56.63	(133.80)
(VII)	**Profit for the year (V-VI)**		**358.22**	**397.92**
(VIII)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
i.	Remeasurements of the defined benefit plans		(0.15)	0.26
ii.	Income tax relating to items that will not be reclassified to profit or loss		0.05	(0.09)
	Other comprehensive income		**(0.10)**	**0.17**
(IX)	**Total comprehensive income for the period (VII+VIII)**		**358.12**	**398.09**
(X)	**Earnings for equity share**			
	Basic (INR)	27	0.37	0.43
	Diluted (INR)	27	0.37	0.43
	Significant accounting policies	2		
	Notes to the financial statements	3 - 40		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/W - 100024

N Sampath Ganesh
Partner
Membership No. 042554

Mumbai
28 'May 2019

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

Tomohei Matsushita
Managing Director & CEO
DIN:07335725

Bangalore
28 'May 2019

Hao Quoc Tien
Director
DIN:08346688

Bangalore
28 'May 2019

Norimasa Ogawa
Chief Financial Officer

Bangalore
28 'May 2019

Reena Mary
Company Secretary
ACS23518
Bangalore
28 'May 2019

Toyota Financial Services India Limited
Cash Flow Statement for the year ended

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018
A. Cash flow from operating activities		
Profit for the year	549 35	616 62
Adjustments for :		
Depreciation and amortisation expenses	30 42	30 13
Net gain on derecognition of property, plant and equipment	(0 97)	(0.30)
Interest on debt securities	3,233 18	3,659 04
Interest on borrowings (other than debt securities)	1,228 98	337 26
Impairment on financial instruments	(193.23)	583 41
Others	1 27	-
Operating profit before working capital changes	**4,849.00**	**5,226.16**
Changes in working capital :		
Increase / (decrease) in Trade payables	314 99	78 39
Increase / (decrease) in Other financial liabilities	37.98	35 11
Increase / (decrease) in Other non-financial liabilities	7.46	17 78
Increase / (decrease) in Provisions	3.35	(2 92)
(Increase) / decrease in Loans	(5,096 06)	(7,853 45)
(Increase) / decrease in Trade receivables	(3.95)	103 01
(Increase) / decrease in Other financial assets	(4 22)	(3 18)
(Increase) / decrease in Other non-financial assets	(51.81)	64 71
Cash used in Operations	**56.74**	**(2,334.39)**
Taxes paid (including tax deducted at source) (net of refund received)	(265.99)	(391.91)
Net Cash (used in) operating activities	**(209.25)**	**(2,726.30)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(81 30)	(14 23)
Purchase of other intangible assets	(34 03)	(9 86)
Sale of property, plant and equipment	2.63	1 01
Net cash (used in)/ generated from investing activities	**(112.70)**	**(23.08)**
C. Cash flow from financing activities		
Proceeds from issue of equity share capital (inclusive of securities premium)	-	1,600 00
Debt securities issued	17,525 06	25,532 43
Debt securities repaid	(21,900.00)	(26,000 00)
Borrowings other than debt securities issued	1,16,622 89	1,69,484 91
Borrowings other than debt securities repaid	(1,08,004 81)	(1,62,785 00)
Interest paid on debt securities	(2,709 94)	(3,246 26)
Interest paid on borrowings (other than debt securities)	(1,167 89)	(321 70)
Net cash flow from financing activity	**365.31**	**4,264.38**
Net Increases/(Decrease) in Cash and cash equivalents (A)+(B)+(C)	**43.36**	**1,515.00**
Cash and cash equivalents, beginning of the year	**811.59**	**(703.41)**
Cash and cash equivalents, end of the year	**854.95**	**811.59**

Notes to the statement of cash flow :

1) Cash and cash equivalents comprise of:

		31 March 2019	31 March 2018
Cash on hand	(refer note 3)	0 24	0 57
Balances with banks			
In current accounts	(refer note 3)	52 12	85 44
Demand deposits (less than 3 months maturity)	(refer note 3)	2,850.00	1,000 00
Book overdraft	(refer note 15)	(24 77)	-
Bank overdraft	(refer note 14)	(2,022.64)	(274.42)
TOTAL		**854.95**	**811.59**

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore 560 071 Chartered Accountants

Toyota Financial Services India Limited
Cash Flow Statement for the year ended

Notes to the statement of cash flow (continued) :

2) Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management
3) The above statement of cash flow has been prepared under the indirect method set out in IND AS 7 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.
4) Figures in bracket indicate cash outflow.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/W - 100024

N Sampath Ganesh
Partner
Membership No. 042554

Mumbai
28 'May 2019

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

Tomohei Matsushita
Managing Director & CEO
DIN:07335725

Bangalore
28 'May 2019

Hao Quoc Tien
Director

DIN:08346688

Bangalore
28 'May 2019

Norimasa Ogawa
Chief Financial Officer

Bangalore
28 'May 2019

Reena Mary
Company Secretary
ACS23518

Bangalore
28 'May 2019

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

(Amounts are in INR Million)

(a) Equity share capital

Balance at the 01 April 2018	Changes in equity share capital during the year	Balance at 31 March 2019
9,579.73	-	9,579.73

(b) Other equity

Particulars	Reserves and Surplus				
	Statutory Reserve	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance as at 1 April, 2017	**192.45**	**2,661.45**	**175.89**	-	**3,029.79**
Add: Profit or loss for the year	-	-	397.92	-	397.92
Add: Other comprehensive income (net of taxes)	-	-	-	0.17	0.17
Total comprehensive income	-	-	**397.92**	**0.17**	**398.09**
Add : Securities premium on equity shares issued during the year	-	658.82		-	658.82
Transfer to Special Reserve under section 45-IC of RBI Act. 1934	68.12	-	(68.12)	-	-
Balance as at 31 March 2018	**260.57**	**3,320.27**	**505.69**	**0.17**	**4,086.70**
Add: Profit or loss for the year	-	-	358.22	-	358.22
Add: Other comprehensive income (net of taxes)	-	-	-	(0.10)	(0.10)
Total comprehensive income	-	-	**358.22**	**(0.10)**	**358.12**
Transfer to Special Reserve under section 45-IC of RBI Act. 1934	71.64	-	(71.64)	-	-
Balance as at 31 March 2019	**332.21**	**3,320.27**	**792.27**	**0.07**	**4,444.82**

Note 19 describes the purpose of each reserve within equity.

Significant accounting policies 2
Notes to the financial statements 3 - 40

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/W - 100024

N Sampath Ganesh
Partner
Membership No. 042554

Mumbai
28 May 2019

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

Tomohei Matsushita
Managing Director & CEO
DIN:07335725

Bangalore
28 May 2019

Hao Quoc Tien
Director
DIN:08346688

Bangalore
28 May 2019

Norimasa Ogawa
Chief Financial Officer

Bangalore
28 May 2019

Reena Mary
Company Secretary
ACS23518

Bangalore
28 May 2019

1. Company Overview

1.1 Reporting Entity

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

1.2 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') and Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended], other relevant provisions of the Companies Act, 2013 and guidelines issued by Reserve Bank of India for Non-Banking Finance Companies.

These financial statements are the first financial statements of the Company in accordance with Ind AS, Ind AS 101 - *First time adoption of Indian Accounting Standard* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 37.

1.3 Functional and Presentation currency

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

1.4 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the net defined benefit (asset)/liability which is measured at fair value of plan assets less present value of the defined benefit obligation limited as explained in Note 33 and certain financial assets measured at fair value as explained in Note 37.

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

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

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

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

i. Expected credit loss 'ECL' on loans

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

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

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

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

ii. Fair value of financial instruments

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

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

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

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

iv. Amortized cost of loans

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

v. Provisions

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

vi. Recognition of deferred tax assets

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

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore 560 071 Chartered Accountants

2. Significant accounting policies

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

i. Revenue recognition

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

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

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

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

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

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

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

ii. Finance Cost

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

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

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

iii. Financial assets and liabilities

a. Financial assets

Initial recognition and measurement

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

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest outstanding on the principal amount outstanding (SPPI).

Toyota Financial Services India Limited Bangalore

S R & Associates LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

Initial recognition and measurement (continued)

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

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

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

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

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

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

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

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

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

Classification and subsequent measurement

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

b. Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

c. Impairment of financial instruments

Methodology for computation of Expected Credit Losses 'ECL'

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

- Loans;

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

Measurement of ECL

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

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that are possible within 12 months after the reporting date;
- financial assets with significant increase in credit risk but not credit impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

For credit-impaired assets under the non-retail portfolio the management keeps specific provision for expected credit loss based on a case to case assessment considering value of the collateral held as security and other relevant information pertaining to the case. (Refer Note 36 - Credit Risk)

Significant Increase in credit risk (SICR)

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

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

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

Credit-impaired financial assets

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

Toyota Financial Services India Limited Bangalore

BSR & Associates LLP Bangalore 560 071 Chartered Accountants

Credit-impaired financial assets (continued)

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

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

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is enough evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is 90 days past due or more is also considered as credit-impaired.

Presentation of ECL allowance in balance sheet

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

Write off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.
However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

d. De-recognition of financial assets and financial liabilities

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

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

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in Statement of Profit or Loss. (Refer Note 37 – First time adoption)

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Toyota Financial Services India Limited Bangalore

BANGALORE 560 071 CHARTERED ACCOUNTANTS

e. Modifications of financial assets and financial liabilities

Financial assets

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

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

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income using EIR method (Refer Note 2.i.).

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

Financial liabilities

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

f. Offsetting financial assets and financial liabilities

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

g. Fair value measurement

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

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

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

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Chartered Accountants Bangalore

iv. Employee benefits

i. Short term employee benefits

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

ii. Post-employment benefits

a. Defined Contribution Plans

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.

b. Defined Benefit Plans

Liabilities towards Gratuity and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Gratuity and long term Compensated Absences. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations. The Company's net obligation in respect of defined benefit plans is calculated for the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

v. Property, plant and equipment

Recognition and measurement

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within the statement of profit or loss. (Refer Note 37 – First time adoption of Ind AS).

Toyota Financial Services India Limited Bangalore

BSR & Associates LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

Subsequent costs

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

Depreciation

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

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

Classes of assets	Useful life (Years) as per Schedule II
Leasehold Improvements	Over the tenor of the underlying lease
Office Equipment	5
Furniture and Fixtures	10
Vehicles	8
Computers (other than Servers and Networks)	3
Servers and Networks	6

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

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

vi. Intangibles

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

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

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

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

Intangibles (continued)

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

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

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

vii. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

iii. The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

viii. Impairment (non-financial asset)

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

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

Toyota Financial Services India Limited Bangalore

S R & Associates LLP Chartered Accountants Bangalore 560 071

Impairment (non-financial asset) (continued)

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

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

ix. Foreign currency transactions:

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

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

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

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

i. Onerous contracts

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

ii. Contingencies related to claims, litigation, etc.

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

xi. Income taxes

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

Toyota Financial Services India Limited
Bangalore

B S R & Associates LLP
Bangalore

a. Current tax

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

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

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

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

b. Deferred tax

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

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

The effect of changes in the tax rates on deferred tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax assets and liabilities are offset only if:

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

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

xii. Earnings per share

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

Toyota Financial Services India Limited Bangalore

xiii. Cash and cash equivalent

Cash and cash equivalents include cash on hand, balance with bank and fixed deposits with banks with original maturity of three months or less. Cash and cash equivalents are carried at amortized cost in the balance sheet.

xiv. Cash flow statement

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

xv. Segment Reporting

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

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

xvi. Recent accounting pronouncement

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on 30th March, 2019) which are effective for annual period beginning after 1st April, 2019. The Company intends to adopt these standards or amendments from the effective date.

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

a. Leases in which the Company is a lessee

The Company will recognize new assets and liabilities for its operating leases of offices premises (see Note 29). The nature of expenses related to those leases will now change because the Company will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Toyota Financial Services India Limited Bangalore

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

b. Leases in which the Company is a lessor

No significant impact is expected for other leases in which the Company is a lessor.

c. Transition

The Company plans to apply Ind AS 116 on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

Amendment to Ind AS 12 Income Taxes: Appendix C – Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or Company of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendments to Ind AS 12 Income Taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Toyota Financial Services India Limited Bangalore

Amendments to Ind AS 19 Employee Benefits – plan amendment, curtailment or settlement:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognize in Statement of profit and loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendments to Ind AS 109 Financial Instruments - Prepayment Features with Negative Compensation

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 109, as per the amendment a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The Company is currently evaluating the impact on account of this amendment on the financial statements.

(Amounts are in INR Million)

	Particulars	31 March 2019	31 March 2018	01 April 2017
3	**Cash and cash equivalents**			
	Cash on hand	0 24	0.57	0 20
	Balances with banks in current accounts	52 12	85 44	5 78
	Bank deposits (with maturity less than 3 months)	2,850 00	1,000 00	-
		2,902.36	**1,086.01**	**5.98**
	The company exposure to currency and liquidity risk are disclosed in note no 36			
4	**Trade receivables**			
	Unsecured, considered good *	27 89	23 94	126 95
	Less : Impairment loss allowance	-	-	-
		27.89	**23.94**	**126.95**
	* Includes due from related parties (refer note no 32)			
	The company exposure to credit, currency and liquidity risk are disclosed in note no 36			
5	**Loans** (at amortised cost)			
	(A)			
	(i) Term Loans	67,817 03	63,867 78	55,739 89
	(ii) Inventory Financing	7,771 89	6,733 16	6,888 50
	Total (A) - Gross	**75,588.92**	**70,600.94**	**62,628.39**
	Less: Impairment loss allowance	(1,240 81)	(1,541 98)	(839 73)
	Total (A) - Net	**74,348.11**	**69,058.96**	**61,788.66**
	(B)			
	(i) Secured by tangible assets	73,033 09	69,243 85	61,910 01
	(ii) Unsecured	2,555 83	1,357 09	718 38
	Total (B) - Gross	**75,588.92**	**70,600.94**	**62,628.39**
	Less: Impairment loss allowance	(1,240 81)	(1,541 98)	(839 73)
	Total (B) - Net	**74,348.11**	**69,058.96**	**61,788.66**
	(C)			
	(i) Automobile Financing	75,588 92	70,600 94	62,628 39
	Total (C)- Gross	**75,588.92**	**70,600.94**	**62,628.39**
	Less: Impairment loss allowance	(1,240 81)	(1,541 98)	(839 73)
	Total(C)-Net	**74,348.11**	**69,058.96**	**61,788.66**
	The company exposure to credit and liquidity risk are disclosed in note no 36			
6	**Other financial assets**			
	Unsecured, considered good			
	Rental deposits	31 83	28 73	26 75
	Loans to employees	0 45	0 70	0 17
	Insurance deposit	0 47	0 47	0 26
	Interest accrued but not due	1 83	0 46	-
		34.58	**30.36**	**27.18**
	The company exposure to currency and liquidity risk are disclosed in note no 36			
7	**Current tax assets (net)**			
	- considered good			
	Advance tax and tax deducted at source (net of provision)	172 89	41 40	1 99
		172.89	**41.40**	**1.99**

8 Income tax expense

A. Amounts recognized in statement of profit and loss

(Amounts are in INR Million)

	31 March 2019	31 March 2018
Current tax expense		
Current year	134.50	352.50
Changes in estimates related to prior years	-	-
	134.50	**352.50**
Deferred tax expense		
Origination and reversal of temporary differences	55.52	(133.80)
Reduction in tax rate	1.11	-
	56.63	**(133.80)**
Tax expense for the year	**191.13**	**218.70**

B. Amounts recognized in other comprehensive income

	31 March 2019			31 March 2018		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(0.15)	0.05	(0.10)	0.26	(0.09)	0.17
	(0.15)	**0.05**	**(0.10)**	**0.26**	**(0.09)**	**0.17**

(c) Reconciliation of effective tax rate

	31 March 2019		31 March 2018	
	2019	2019	2018	2018
Profit before tax		549.35		616.62
Tax using the Company's tax rate	34.94%	191.96	34.61%	213.40
Tax effect of:				
Non-deductible expenses		7.56		4.50
Tax-exempt income		(8.39)		0.80
Total income tax expense		**191.13**		**218.70**

D. Movement in deferred tax balances

				31 March 2019		
	Net balance 1 April 2018	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Depreciation	13.52	(4.84)	-	8.68	8.68	-
- On Provision for compensated absences	3.38	0.28	-	3.66	3.66	-
- On Provision for gratuity	-	1.07	-	1.07	1.07	-
- On Remeasurements of the defined benefit plans	(0.09)	-	0.05	(0.04)	-	0.04
- On Provision for provident fund liability	-	6.72	-	6.72	6.72	-
- On Provision for doubtful advances	-	0.71	-	0.71	0.71	-
- On Provisions for Impairment loss	408.70	(32.99)	-	375.71	375.71	-
- On Repossessed assets (Provision for mark to market)	24.94	(24.61)	-	0.33	0.33	-
- On Unrealised interest of Non-performing assets	18.63	(18.63)	-	-	-	-
- On Rent equalisation disallowance	2.44	(2.00)	-	0.44	0.44	-
- On Security Deposits	2.43	(0.70)	-	1.73	1.73	-
- On Debenture and Commercial paper issue expenses	(12.82)	(5.37)	-	(18.19)	-	18.19
- On Prepaid Rent	(2.28)	0.43	-	(1.85)	-	1.85
- On EIR of Retail and INF assets	(127.70)	23.30	-	(104.40)	-	104.40
Deferred tax assets / (Liabilities)	**331.15**	**(56.63)**	**0.05**	**274.56**	**399.04**	**124.48**

				31 March 2018		
	Net balance 1 April 2017	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Depreciation	10.06	3.46	-	13.52	13.52	-
- On Provision for compensated absences	3.30	0.08	-	3.38	3.38	-
- On Remeasurements of the defined benefit plans	-	-	(0.09)	(0.09)	-	0.09
- On Provisions for Impairment loss	258.74	149.96	-	408.70	408.70	-
- On Repossessed assets (Provision for mark to market)	8.00	16.94	-	24.94	24.94	-
- On Unrealised interest of Non-performing assets	18.63	-	-	18.63	18.63	-
- On Rent equalisation disallowance	1.18	1.26	-	2.44	2.44	-
- On Security Deposits	3.08	(0.65)	-	2.43	2.43	-
- On Debenture and Commercial paper issue expenses	(13.08)	0.26	-	(12.82)	-	12.82
- On Prepaid Rent	(3.00)	0.72	-	(2.28)	-	2.28
- On EIR of Retail and INF assets	(89.47)	(38.23)	-	(127.70)	-	127.70
Deferred tax assets / (Liabilities)	**197.44**	**133.80**	**(0.09)**	**331.15**	**474.04**	**142.89**

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

9 Property, Plant and Equipment

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2018	Additions	Deductions	Balance as at 31 March 2019	Balance as at 01 April 2018	Charge for the year	Deductions	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
Leasehold Improvements	8.67	-	-	8.67	2.04	2.04	-	4.08	4.59	6.63
Computers & Servers	29.54	6.10	0.29	35.35	10.51	9.64	0.27	19.88	15.47	19.03
Furniture and Fixtures	10.74	0.84	0.42	11.16	1.72	1.77	0.18	3.31	7.85	9.02
Vehicles	5.17	1.88	1.82	5.23	1.05	1.05	0.42	1.68	3.55	4.12
Office Equipment	6.47	0.14	0.01	6.60	1.70	1.73	0.01	3.42	3.18	4.77
Leased Vehicles #	-	72.34	-	72.34	-	3.79	-	3.79	68.55	-
TOTAL	60.59	81.30	2.54	139.35	17.02	20.02	0.88	36.16	103.19	43.57

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Deemed cost* as at 01 April 2017	Additions	Deductions	Balance as at 31 March 2018	Balance as at 01 April 2017	Charge for the year	Deductions	Balance as at 31 March 2018	Balance as at 31 March 2018	Balance as at 01 April 2017
Leasehold Improvements	8.67	-	-	8.67	-	2.04	-	2.04	6.63	8.67
Computers & Servers	17.67	11.86	-	29.54	-	10.51	-	10.51	19.03	17.67
Furniture and Fixtures	10.70	0.04	-	10.74	-	1.72	-	1.72	9.02	10.70
Vehicles	3.69	1.81	0.32	5.17	-	1.13	0.08	1.05	4.12	3.69
Office Equipment	6.54	0.52	0.59	6.47	-	1.82	0.12	1.70	4.77	6.54
			-			-	-			
TOTAL	47.27	14.23	0.91	60.59	-	17.22	0.20	17.02	43.57	47.27

* Refer Note 37 A (1)

\# The Company has been financing vehicles under operating lease (smart lease program) from April 2018. As on 31 March, 2019, the net carrying amount of leased assets was Rs 68.55 million, on which the accumulated depreciation was Rs. 3.79 million

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore Chartered Accountants

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

10 **Intangible assets**

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2018	Additions	Deductions	Balance as at 31 March 2019	Balance as at 01 April 2018	Charge for the year	Deductions	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
Computer Software	43.84	25.97	-	69.81	12.91	10.40	-	23.31	46.50	30.93
	43.84	**25.97**	**-**	**69.81**	**12.91**	**10.40**	**-**	**23.31**	**46.50**	**30.93**
Intangible assets under development	-								**11.39**	**3.33**

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Deemed cost* as at 01 April 2017	Additions	Deductions	Balance as at 31 March 2018	Balance as at 01 April 2017	Charge for the year	Deductions	Balance as at 31 March 2018	Balance as at 31 March 2018	Balance as at 01 April 2017
Computer Software	23.54	20.30	-	43.84	-	12.91	-	12.91	30.93	23.54
	23.54	**20.30**	**-**	**43.84**	**-**	**12.91**	**-**	**12.91**	**30.93**	**23.54**
Intangible assets under development	**13.78**								**3.33**	**13.78**

* Refer Note 37 A (1)

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore

(Amounts are in INR Million)

	Particulars		31 March 2019	31 March 2018	01 April 2017
11	**Other non-financial assets**				
	Balances with government authorities (goods and service tax)		41.69	5.00	0.05
	Prepaid expenses		34.41	27.41	33.01
	Advance payment to vendors		21.53	13.49	7.81
	Stamp and stamp papers on hand		2.28	2.46	4.84
	Advance payment to employees		0.98	0.04	0.11
	Repossessed assets (at realisable value)*		0.61	3.48	68.79
	Other advances		3.53	2.61	4.59
			105.03	**54.49**	**119.20**
	* Represents assets repossessed prior to 01st April 2017 and continued to be derecognized as business assets (Refer note no 37)				
12	**Trade payables**				
	- Total outstanding dues of micro enterprises and small enterprises	(A)	0.21	1.25	0.22
	- Total outstanding dues of creditors other than micro enterprises and small enterprises				
	- Payable to dealers		715.86	361.44	412.23
	- Others*		348.73	387.12	258.97
		(B)	**1,064.59**	**748.56**	**671.20**
	Total	(A+B)	**1,064.80**	**749.81**	**671.42**

* Includes due from related parties (refer note no. 32)

The company exposuure currency and liquidity risk are disclosed in note no. 36

Dues to Micro and Small Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statements based on information received and available with the Company. Further in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	**31 March 2019**	**31 March 2018**	**01 April 2017**
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	0.21	1.25	0.22
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	0.08	-	0.05
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	0.08	0.07	0.01
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	0.01	0.00

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

13 Debt Securities (at amortised cost)

(Amounts are in INR Million)

Particulars	**31 March 2019**	**31 March 2018**	**01 April 2017**
Non Convertible debentures (Secured)	30,379.80	37,282.68	33,905.25
INR denominated ECB Bond (Unsecured)	3,522.91	-	-
Commercial Paper (Unsecured)	7,728.59	8,200.32	11,632.55
Total (A)	**41,631.30**	**45,483.00**	**45,537.80**
Debt securities in India	38,108.39	45,483.00	45,537.80
Debt securities outside India	3,522.91	-	-
Total (B)	**41,631.30**	**45,483.00**	**45,537.80**

The company exposure to interest rate risk and liquidity risk are disclosed in note no 36

14 Borrowings (other than debt securities) (at amortised cost)

(Amounts are in INR Million)

(a) Term loans (unsecured)			
(i) from banks	18,987.73	10,308.56	3,593.09
(b) Loans repayable on demand (unsecured)			
(i) from banks	2,022.64	274.42	709.39
Total (A)	**21,010.37**	**10,582.98**	**4,302.48**
Borrowings outside India	3,200.00	2,000.00	-
Total (B)	**21,010.37**	**10,582.98**	**4,302.48**

The company exposure to interest rate risk and liquidity risk are disclosed in note no 36

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

a) Schedule of privately placed redeemable non-convertible debentures (at amortised cost)

(Amounts are in INR Million)

No. of Debentures*	Series Name	Face Value	Balance as at 31 March 2019	Balance as at 31 March 2018	Balance as at 01 April 2017	Issue Month	Maturity Month	Annual Coupon rate
1,250	Series 22	1.00	1,265.17	-	-	January 2019	January 2022	8.60%
3,000	Series 19**	1.00	2,591.22	2,399.89	-	January 2018	February 2021	7.90%
2,000	Series 17	1.00	2,103.22	2,102.00	-	July 2017	January 2021	7.40%
1,200	Series 15	1.00	1,275.57	1,274.35	-	May 2017	June 2020	7.75%
3,000	Series 16	1.00	3,165.58	3,164.62	-	June 2017	June 2020	7.45%
1,950	Series 21	1.00	2,074.12	-	-	June 2018	May 2020	8.35%
3,000	Series 12	1.00	3,095.74	3,094.26	3,092.89	October 2016	April 2020	7.67%
2,000	Series 14	1.00	2,000.44	1,998.21	1,996.15	March 2017	March 2020	7.62%
3,000	Series 13 #	1.00	3,028.29	3,026.99	3,025.78	February 2017	February 2020	7.27%
1,500	Series 20	1.00	1,517.03	1,515.76	-	February 2018	January 2020	7.86%
2,000	Series 7 Option 2	1.00	2,040.98	2,040.58	2,040.20	December 2015	December 2019	8.45%
2,000	Series 11	1.00	2,067.09	2,065.16	2,063.36	October 2016	October 2019	7.51%
2,000	Series 10 Option 2 #	1.00	2,026.75	2,025.92	2,025.15	July 2016	July 2019	7.93%
2,000	Series 9	1.00	2,128.60	2,127.33	2,126.17	June 2016	June 2019	8.58%
1,000	Series 18	1.00	-	1,018.22	-	December 2017	March 2019	7.25%
2,000	Series 7 Option 1	1.00	-	2,040.42	2,039.89	December 2015	December 2018	8.35%
2,000	Series 6 #	1.00	-	2,076.97	1,999.48	September 2015	September 2018	8.13%
2,000	Series 5	1.00	-	2,102.49	2,101.19	August 2015	August 2018	8.53%
3,000	Series 4	1.00	-	3,209.51	3,208.28	June 2015	June 2018	8.54%
2,000	Series 3	1.00	-	-	2,008.01	March 2015	March 2018	8.40%
2,000	Series 8	1.00	-	-	2,013.85	February 2016	January 2018	8.20%
2,000	Series 2	1.00	-	-	2,058.84	November 2014	November 2017	8.70%
1,000	Series 1 Option 2	1.00	-	-	1,054.11	September 2014	September 2017	9.55%
1,000	Series 10 Option 1	1.00	-	-	1,051.89	July 2016	August 2017	7.82%
Total			**30,379.80**	**37,282.68**	**33,905.24**			

* The Company has issued secured, redeemable, non-convertible debentures on private placement basis, listed on the wholesale debt market of National Stock Exchange (NSE).
These Debentures are secured through first ranking exclusive charge by way of hypothecation over the loan receivables.
The interest for these NCDs are payable half yearly, however for the rest of the NCDs, the interest is payable on an annual basis

b) Schedule of INR denominated ECB Bond (at amortised cost)

No. of INR denominated ECB Bond*	Series Name	Face Value	Balance as at 31 March 2019	Balance as at 31 March 2018	Balance as at 01 April 2017	Issue Month	Maturity Month
3,550	Masala Bond Series 1	1.00	3,522.91	-	-	March 2019	March 2022
Total			**3,522.91**	-	-		

*Privately placed, unsecured, unlisted, unrated. Annual coupon rate 7.45% for the borrowings outstanding as at 31 March 2019.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

c) Schedule of Commercial Paper (at amortised cost)

(Amounts are in INR Million)

Particulars	**31 March 2019**	**31 March 2018**	**01 April 2017**
Commercial Paper #[Maximum balance outstanding during the year (face value) Rs.11,800,000,000 (Previous Year: Rs.15,000,000,000)	7,900.00	8,400.00	12,000.00
Less : unamortised Discount	171.41	199.68	367.44
	7,728.59	**8,200.32**	**11,632.56**

Tenure	**31 March 2019**	**31 March 2018**	**01 April 2017**
August 2019	2,810.26	-	-
July 2019	976.57	-	-
June 2019	980.87	-	-
May 2019	2,960.88	-	-
February 2019	-	845.41	-
January 2019	-	945.93	-
September 2018	-	965.78	-
July 2018	-	977.97	-
June 2018	-	491.63	-
May 2018	-	2,476.70	-
April 2018	-	1,496.90	-
January 2018	-	-	937.63
December 2017	-	-	1,900.90
October 2017	-	-	1,925.03
September 2017	-	-	965.72
July 2017	-	-	1,957.78
June 2017	-	-	1,967.92
May 2017	-	-	1,977.58
	7,728.58	**8,200.32**	**11,632.56**

Discounting rate is market driven at the time of the issuance of such papers and ranges between 8.28% to 8.48% (31 March 2018: 6.88% to 7.72%, 01 April 2017:6.85% to 8.40%)

Toyota Financial Services India Limited Bangalore

BANGALORE 560 071

d) Schedule of Term Loan (Unsecured - at amortised cost)

(Amounts are in INR Million)

Month of maturity	**31 March 2019**	**31 March 2018**	**01 April 2017**
November 2021 *	1,200.00	-	-
October 2021	1,750.00	-	-
March 2021 *	2,000.00	2,000.00	-
December 2020	1,500.00	-	-
November 2020	1,500.00	-	-
October 2020	2,000.00	-	-
March 2020	1.71	-	-
January 2020	1,000.00	-	-
December 2019	500.00	-	-
November 2019	2,000.00	-	-
October 2019	1,044.68	-	-
September 2019	1,113.90	-	-
August 2019	609.25	-	-
July 2019	150.43	-	-
April 2019	2,617.76	1,000.00	-
March 2019	-	1.71	-
November 2018	-	2,000.00	-
October 2018	-	1,000.00	-
July 2018	-	1,389.91	-
May 2018	-	1,900.00	-
April 2018	-	1,016.95	-
April 2017	-	-	3,593.09
	18,987.73	**10,308.57**	**3,593.09**

* INR ECB

e) Schedule of Bank overdraft (Unsecured - at amortised cost)

Tenure	**31 March 2019**	**31 March 2018**	**01 April 2017**
Repayable on demand	2,022.64	274.42	709.39
	2,022.64	**274.42**	**709.39**

Interest rates on overdraft is as determined by the Bank based on Marginal Cost of Lending Rates and appropriate spread from time to time. The Interest rates range from 7.45% p.a. to 8.70% p.a.(31 March 2018: 7.85% p.a. to 8.15% p.a. 01 April 2017: 8.10% p.a to 8.95% p.a) for the overdraft outstanding as at 31 March 2019.

Toyota Financial Services India Limited Bangalore

(Amounts are in INR Million)

	Particulars	31 March 2019	31 March 2018	01 April 2017
15	**Other financial liabilities**			
	Book overdraft	24.77	-	-
	Accrued Expenses *	163.95	89.77	90.86
	Earnest money deposit	-	36.20	-
		188.72	**125.97**	**90.86**
	* Includes due from related parties (refer note no. 32)			
	The company exposure to credit, currency and liquidity risk are disclosed in note no. 36			
16	**Provisions**			
	- Provision for employee benefits	39.17	37.44	39.44
	- Gratuity (Refer note no.33)	3.05	2.15	3.30
	- Compensated absences	10.50	9.78	9.55
		52.72	**49.37**	**52.29**
17	**Other non- financial liabilities**			
	Rent equalisation reserve	1.25	7.04	3.40
	Statutory liabilities	52.79	34.23	25.40
	Other liabilities	-	5.31	-
		54.04	**46.58**	**28.80**

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Chartered Accountants Bangalore 560 071

18 **Equity share capital**

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

Particulars	31 March 2019	31 March 2018	01 April 2017
Authorized Equity shares			
957,972,957 (31 March 2018: 957,972,957) Equity Shares of Rs.10 each	9,579.73	9,579.73	8,638.55
	9,579.73	9,579.73	8,638.55
Issued, subscribed and fully Paid up equity shares			
957,972,957 (31 March 2018: 957,972,957) equity shares of Rs.10 each	9,579.73	9,579.73	8,638.55
	9,579.73	9,579.73	8,638.55

(a) Reconciliation of number of shares

Particulars	31 March 2019 No of shares	31 March 2019 Amount	31 March 2018 No of shares	31 March 2018 Amount	01 April 2017 No of shares	01 April 2017 Amount
Balance at the beginning of the year						
Equity Shares	957,972,957	9,579.73	863,855,310	8,638.55	701,355,310	7,013.55
Add: Shares Issued during the year						
Equity Shares	-	-	94,117,647	941.18	162,500,000	1,625.00
Balance at the end of the year						
Equity Shares	957,972,957	9,579.73	957,972,957	9,579.73	863,855,310	8,638.55

During the year the Company has not issued any equity shares. During the previous year ended 31 March 2018, the Company has issued 94,117,647 equity shares of Rs 10 each have been allotted for cash at a premium of Rs 7 each on July 19, 2017 pursuant to a resolution of shareholders passed at General Meeting dated July 03, 2017

(b) Rights, preferences and restrictions attached to shares

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.

During the period of five years immediately preceding 31 March 2019, no shares have been allotted as fully paid up by way of bonus shares or pursuant to contracts without payment being received in cash.

(c) Shares held by holding company and its nominees

Particulars	31 March 2019	31 March 2018	01 April 2017
957,972,957 (March 31, 2018: 957,972,957) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan	9,579.73	9,579.73	8,638.55
(d) Details of Shares held by shareholders holding more than 5% of aggregate shares in the company			
Equity Shares:			
Toyota Financial Services Corporation, Japan, the holding company	957,972,957	957,972,957	863,855,310
Percentage holding	100%	100%	100%

19 **(e) Other equity**

Particulars	31 March 2019	31 March 2018	01 April 2017
Statutory reserve - (refer note no 1 below)	332.21	260.57	192.45
Security premium account - (refer note no 2 below)	3,320.27	3,320.27	2,661.45
Other comprehensive income - (refer note no 4 below)	0.07	0.17	-
	4,444.82	4,086.70	3,029.79

For detailed movement of reserve refer statement of changes in equity

Note :

Nature and Purpose of Reserves

1. Statutory Reserve

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

2. Securities Premium

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

3. Retained Earnings

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

4. Other Comprehensive Income (OCI)

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

Toyota Financial Services India Limited Bangalore

(Amounts are in INR Million)

	Particulars	31 March 2019	31 March 2018
20	**Interest income**		
	Interest on loans (on financial assets measured at amortised cost)	6,675 61	6,463 08
	Interest on deposits with banks	11 83	2 40
		6,687.44	**6,465.48**
21	**Others**		
	Foreclosure charges	125 86	101.02
	Late payment charges	100 84	54 29
	Bounce charges	48 46	38 00
	Documentation charges	8 42	8 62
	Other charges	16 49	9 76
		300.07	**211.69**
22	**Other income**		
	Recovery of bad debts	130 81	40.42
	Net gain on derecognition of property, plant and equipment	0 97	0 30
	Dividend income	0 37	1 23
		132.15	**41.95**
23	**Finance costs** (on financial liabilities measured at amortised cost)		
	Interest on borrowings (other than debt securities)	1,228 98	337 26
	Interest on debt securities	3,233 06	3,659.03
	Other interest expense	0 13	0.01
		4,462.17	**3,996.30**
24	**Impairment on financial instruments** (on financial assets measured at amortised cost)		
	Loans	1,028 45	1,108.16
		1,028.45	**1,108.16**
	The company exposure to credit and liquidity risk are disclosed in note no 36		
25	**Employee benefit expenses**		
	Salaries and wages	358 75	322 40
	Contribution to Provident and other funds	33 90	13 76
	Gratuity	4.92	4.88
	Staff welfare expenses	14 90	17.18
		412.47	**358.22**
26	**Other expenses**		
	Collection charges	201 74	161.62
	Legal and professional	89 09	81.23
	Information technology services	82 45	91 60
	Rent	59 32	70.12
	Travelling and conveyance	28 61	24 53
	Marketing expenses	27 27	44 39
	Expenditure towards Corporate Social Responsibility (CSR) activities*	21.62	13 01
	Communication expenses	14 73	18 18
	Credit rating fees and other expenses	13 20	17 56
	Repairs and maintenance	12.82	12 77
	Conference expenses	9 81	9.02
	Postage and courier	9 41	9 32
	Recruitment expenses	8.90	7 33
	Printing and stationery	8 73	8.46
	Payment to Auditors		
	as statutory auditor	5 00	6.20
	as tax auditor	0 25	0 20
	for reimbursement of expenses	2 62	3.44
	Electricity expenses	4 59	3 27
	Rates and taxes	3 38	4 56
	Stamp paper and fees	2 82	4 13
	Director Sitting Fee	0 87	1 09
	Other expenditure	38 90	17.66
		646.13	**609.69**

*** Details of corporate social responsibility expenditure**

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

	31 March 2019	31 March 2018
Amount required to be spent (excluding taxes) by the company during the year	18 91	12 64
Amount spent during the year (including taxes)		
(i) Construction/acquisition of any asset	11 9	10 84
(ii) On purposes other than (i) above	9 72	2.17
	21.62	**13.01**

Toyota Financial Services India Limited Bangalore

BANGALORE

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

27 Earnings per share

Basic earnings per share

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

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

Earnings	31 March 2019	31 March 2018
Profit for the year	358.22	397.92
Shares		
Basic outstanding shares	957,972,957	863,855,310
Effect of shares issued during the year	-	66,011,281
Weighted average number of shares for computing basic EPS	957,972,957	929,866,591
Earning per share		
Basic (in INR.)	0.37	0.43
Diluted (in INR.) *	0.37	0.43

* There are no dilutive shares issued by the Company as on 31 March 2019.

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

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018	01 April 2017
Capital and other Commitments			
(i) Income tax matter under dispute * - AY 2016-17 & AY 2015-16	12.22	-	-
(ii) Loans sanctioned but not disbursed	170.47	26.80	173.35
(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for	8.05	-	-

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

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

Toyota Financial Services India Limited Bangalore

29 Maturity analysis of assets and liabilities

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

(Amounts are in INR Million)

	Assets	31 March 2019			31 March 2018			01 April 2017		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	Financial assets									
(a)	Cash and cash equivalents	2,902.36	-	2,902.36	1,086.01	-	1,086.01	5.98	-	5.98
(b)	Trade receivables	27.89	-	27.89	23.94	-	23.94	126.95	-	126.95
(c)	Loans	31,870.00	42,478.11	74,348.11	28,704.13	40,354.83	69,058.96	25,017.59	36,771.07	61,788.66
(d)	Other financial assets	2.75	31.83	34.58	2.10	28.26	30.36	0.43	26.75	27.18
	Total financial assets	**34,803.00**	**42,509.94**	**77,312.94**	**29,816.18**	**40,383.09**	**70,199.27**	**25,150.95**	**36,797.82**	**61,948.77**
	Non-financial assets									
(a)	Current tax assets (net)	-	172.89	172.89		41.40	41.40		1.99	1.99
(b)	Deferred tax assets (net)	-	274.56	274.56		331.15	331.15		197.44	197.44
(c)	Property, plant and equipment	-	103.19	103.19		43.57	43.57		47.27	47.27
(d)	Other intangible assets	-	46.50	46.50		30.93	30.93		23.54	23.54
(e)	Intangible assets under development	-	11.39	11.39	-	3.33	3.33	-	13.78	13.78
(f)	Other non-financial assets	79.92	25.10	105.03	54.49	-	54.49	119.20	-	119.20
	Total non-financial assets	**79.92**	**633.63**	**713.56**	**54.49**	**450.38**	**504.87**	**119.20**	**284.02**	**403.22**
	Total Assets	**34,882.92**	**43,143.57**	**78,026.50**	**29,870.67**	**40,833.47**	**70,704.14**	**25,270.15**	**37,081.84**	**62,351.99**
	Liabilities and Equity									
	Liabilities									
	Financial liabilities									
(a)	Payables									
	(i) total outstanding dues of micro enterprises and small enterprises	0.21	-	0.21	1.25	-	1.25	0.22	-	0.22
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,064.59	-	1,064.59	748.56	-	748.56	671.20	-	671.20
(b)	Debt securities	23,131.77	18,499.54	41,631.30	19,410.38	26,072.62	45,483.00	19,569.50	25,968.31	45,537.80
(c)	Borrowings (other than debt securities)	11,060.37	9,950.00	21,010.37	7,582.98	3,000.00	10,582.98	4,302.48	-	4,302.48
(d)	Other financial liabilities	188.72	-	188.72	125.97	-	125.97	90.86	-	90.86
	Total financial liabilities	**35,445.66**	**28,449.54**	**63,895.19**	**27,869.14**	**29,072.62**	**56,941.76**	**24,634.26**	**25,968.31**	**50,602.56**
	Non-financial liabilities									
(a)	Provisions	39.17	13.55	52.72	37.44	11.93	49.37	39.44	12.85	52.29
(b)	Other non-financial liabilities	52.79	1.25	54.04	39.54	7.04	46.58	25.40	3.40	28.80
	Total non-financial liabilities	91.96	14.80	106.76	76.98	18.97	95.95	64.84	16.25	81.09
	Equity									
(a)	Equity share capital	-	9,579.73	9,579.73	-	9,579.73	9,579.73	-	8,638.55	8,638.55
(b)	Other equity	-	4,444.82	4,444.82	-	4,086.70	4,086.70	-	3,029.79	3,029.79
	Total Equity	-	**14,024.55**	**14,024.55**	-	**13,666.43**	**13,666.43**	-	**11,668.34**	**11,668.34**
	Total Liabilities and Equity	**35,537.62**	**42,488.89**	**78,026.50**	**27,946.12**	**42,758.02**	**70,704.14**	**24,699.10**	**37,652.90**	**62,351.99**

Toyota Financial Services India Limited Bangalore

30 A. Operating leases as Lessee

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 of 3 to 5 years The Company has paid refundable interest free security deposits of INR 36 67 Million (Previous Year: INR 35 64 Million) in respect of these leases

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018	01 April 2017
(a) Lease payments recognised in the Statement of Profit and Loss during the year	48 21	55 30	56 30
(b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows			
Not later than one year	47 14	48 83	46 47
Later than one year not later than 5 years	58 63	117 00	162 70

30 B. Operating leases as Lessor

The Company has been financing vehicles under operating lease (Smart lease program from April 2018) In financial year 2018-19, the Company has started operating lease business for vehicles

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018	01 April 2017
(a) Lease income recognised in the Statement of Profit and Loss during the year	9 33	-	-

31 Segment reporting

The Company's sole business segment is 'Vehicle and Other Financing' and principal geographical segment is 'India' The Company considers business segment as the primary segment and geographical segment based on location of customers as a secondary segment Since the Company has a single business segment and a single geographical segment, accordingly there are no separate reportable segments in accordance with Ind AS 'Operating Segment'

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP BANGALORE 560 071 Chartered Accountants

32 Related parties

A. Nature of relationship and names of related parties

(i) Ultimate Holding Company	Toyota Motor Corporation, Japan*
(ii) Holding Company	Toyota Financial Services Corporation, Japan
(iii) Fellow Subsidiaries (parties under common control)	1 Toyota Kirloskar Motor Private Limited 2 Toyota Leasing (THAILAND) Co Ltd 3 Toyota Motor Asia Pacific Pte Ltd
(iv) Key Management Personnel	Tomohei Matsushita – Managing Director and CEO Norimasa Ogawa - Chief Financial Officer Reena Mary - Company Secretary
(v) Directors	Asha Sampath - Independent Director Narayanaswamy Raja - Non executive Director Renu Lata Rajani - Independent Director Yoshimura Masakazu - Non executive Director Hao Quoc Tien - Additional Director

B. Transactions with key managerial personnel

i. Key managerial personnel compensation

Key managerial personnel compensation comprised of the following **(Amounts are in INR Million)**

Particulars	31 March 2019	31 March 2018	01 April 2017
Remuneration to Managing Director			
Short-term employee benefits	12.57	11.71	13.16

Particulars	31 March 2019	31 March 2018	01 April 2017
Remuneration to Chief Financial Officer			
Short-term employee benefits	16.79	14.09	18.76

Particulars	31 March 2019	31 March 2018	01 April 2017
Directors sitting fees			
(i) Renu Lata Rajani	0.40	0.50	0.40
(ii) Asha Sampath	0.40	0.40	-
(iii) Raman Rengan	-	0.10	0.40

Particulars	31 March 2019	31 March 2018	01 April 2017
Remuneration to Company Secretary			

ii. Other related parties transactions

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

Particulars	31 March 2019	31 March 2018
Toyota Kirloskar Motor Private Limited		
Professional fees	12.88	7.37
IT Network Communication	3.18	5.48
Training expenses	1.42	0.15
Incentive Fees**	23.63	20.29
Holding Company		
Remuneration to Managing Director	9.74	8.61
Remuneration to Chief Financial Officer	6.52	5.27
Professional fees	2.08	1.61
Staff Welfare	0.82	0.26
Allotment of Equity Shares	-	1,600.00
Toyota Leasing (THAILAND) Co Ltd		
Professional fees	2.83	1.95
Toyota Motor Asia Pacific Pte Ltd		
Professional fees	1.07	-

Particulars	31 March 2019	31 March 2018	01 April 2017
Toyota Kirloskar Motor Private Ltd			
Trade Receivables **	27.89	23.94	126.95
Trade Payable*	6.35	3.21	6.24
Toyota Financial Services Corporation			
Trade Payable*	5.41	5.14	22.97
Toyota Leasing (THAILAND) Co Ltd			
Trade Payable	-	0.95	0.92
Toyota Motor Asia Pacific Pte Ltd			
Trade Payable	0.85	-	-

* Reimbursement of Expatriate salaries to Holding Company

** Based on incentive schemes entered into with Toyota Kirloskar Motors Private Limited ('TKM') during the current year incentive amounting to INR 23.63 Millions (Previous Year INR 20.29 Millions), were ascertained and recognized for the year ended 31 March 2019. An amount of INR 27.89 Millions (including GST) (Previous Year INR 23.94 Millions) was

All outstanding balances with these related parties are priced on arm's length basis. None of these balances are secured. No expenses have been recognized in the current year or prior year for bad and doubtful debts in respect of amounts owed by related parties.

The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and the Companies Act, 2013.

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

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

33 Employee benefits plans

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

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

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

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018	01 April 2017
A. Change in present value of obligations			
Liability at the beginning of the year	17.16	13.92	10.14
Current service cost	4.83	3.91	3.57
Interest cost	1.31	0.95	0.81
Remeasurements due to			
Actuarial loss / (gain) arising from change in financial assumptions	0.44	(1.08)	0.67
Actuarial loss / (gain) arising from change in demographic assumptions	0.00	0.83	(0.07)
Actuarial loss / (gain) arising on account of experience changes	(0.00)	(0.08)	(0.89)
Past service cost	-	0.80	-
Benefits paid	(3.16)	(2.09)	(0.31)
Liability at the end of the year	**20.58**	**17.16**	**13.92**
B. Change in the fair value of plan assets			
Fair value of plan assets at the beginning of the year	15.02	10.62	9.85
Expected return on plan assets	1.22	0.78	0.87
Remeasurements due to			
actual return on plan assets less interest on plan asset	0.29	(0.07)	(0.08)
Benefits paid	(3.16)	(2.09)	(0.31)
Employer contributions	4.16	5.78	0.29
Fair value of plan assets at the end of the year	**17.53**	**15.02**	**10.62**
C. Change in net defined liability			
Fair value of plan assets at the end of the year	17.53	15.02	10.62
Present value of funded defined benefit obligation	(20.58)	(17.16)	(13.92)
Net asset / (liability)	**(3.05)**	**(2.14)**	**(3.30)**
D. Expense recognized in the statement of profit and loss			
Current service cost	4.83	3.91	3.57
Interest cost	1.31	0.95	0.81
Interest income on plan assets	(1.22)	(0.78)	(0.87)
Past Service Cost	-	0.80	-
Net gratuity expense	**4.92**	**4.88**	**3.51**
E. Remeasurements recognized in the OCI			
- experience adjustments	(0.00)	(0.08)	(0.89)
- actuarial assumptions	0.15	(0.18)	0.68

F. Actuarial Assumptions

Particulars	31 March 2019	31 March 2018	01 April 2017
Discount Rate	7.70%	7.95%	7.25%
Salary escalation rate	9.00%	9.00%	9.00%
Expected Return on plan assets	7.70%	7.95%	7.25%
Attrition Rate - Age (Years)			
21-30	16.00%	16.00%	15.17%
31-40	11.00%	11.00%	15.17%
41-50	12.00%	12.00%	15.17%
51-59	0.00%	0.00%	0.00%
Mortality rate	Indian Assured Life Mortality (2012-14) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 Years	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk. The weighted average duration of the defined benefit obligation was 8.61 years (31 March 2018: 8.56 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Expected contribution to the funds next year

Particulars	31 March 2019	31 March 2018	01 April 2017
Gratuity Fund	2.00	2.00	2.00

Sensitivity analysis

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

Gratuity

Particulars	31 March 2019		31 March 2018		01 April 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	19.72	21.50	16.46	17.93	13.50	14.38

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

34 Capital Management

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

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

(Amounts are in INR Million)

Particulars	31 March 2019	31 March 2018	01 April 2017
Common Equity Tier1 (CET1) capital	13,657.68	13,273.61	11,400.58
Other Tier 2 capital instruments	299.68	326.23	522.88
Total Capital	13,957.36	13,599.84	11,923.46
Risk weighted assets	75,064.22	69,536.24	62,772.57
CET1 capital ratio	18.19%	19.09%	18.16%
Total capital ratio	18.59%	19.56%	18.99%

Toyota Financial Services India Limited Bangalore

35 Financial instruments-fair value and risk management

Accounting classification and fair values

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

Fair value hierarchy

This section explains the judgement and estimates made in determining fair value of the financial instruments that are:

a) recognised and measured at fair value and

b) measured at amortised cost and for which fair values are disclosed in the financial statements

To provide an indication about the reliability of the inputs used in determining fair values, the Company has classified its financial instruments into the three levels prescribed under the accounting standard An explanation of each level follows underneath the table

Financial instruments measured at amortised cost for which fair values are disclosed

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement

(Amounts are in INR Million)

31 March 2019	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	-	2,902 36	2,902 36	2,902 36
Trade receivables	-	-	27 89	27 89	27 89
Loans	-	-	73,236.90	73,236 90	74,348 11
Other financial assets	-	-	34 58	34 58	34 58
Financial liabilities					
Payables	-	-	1,064 80	1,064 80	1,064 80
Debt securities	-	-	41,749 93	41,749 93	41,631 30
Borrowings *	-	-	20,922 92	20,922 92	21,010 37
Other financial liabilities	-	-	188 72	188 72	188 72

31 March 2018	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	-	1,086 01	1,086 01	1,086 01
Trade receivables	-	-	23 94	23 94	23 94
Loans	-	-	68,788 10	68,788 10	69,058 96
Other financial assets	-	-	30 36	30 36	30 36
Financial liabilities					
Payables	-	-	749 81	749 81	749 81
Debt securities	-	-	45,673 39	45,673 39	45,483 00
Borrowings *	-	-	10,582 98	10,582 98	10,582 98
Other financial liabilities	-	-	125 97	125 97	125 97

01 April 2017	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	-	-	5 98	5 98	5 98
Trade receivables	-	-	126 95	126 95	126 95
Loans	-	-	61,805 02	61,805 02	61,788.66
Other financial assets	-	-	27 18	27 18	27 18
Financial liabilities					
Payables	-	-	671.42	671 42	671 42
Debt securities	-	-	45,824 52	45,824 52	45,537 80
Borrowings	-	-	4,302 48	4,302 48	4,302 48
Other financial liabilities	-	-	90 86	90 86	90 86

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Bangalore

Financial instruments-fair value and risk management (continued)

Valuation Framework

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

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

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

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

Financial instruments valued at carrying value

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

Short-term financial assets and liabilities

Short-term financial assets and liabilities For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the fair value are a reasonable approximation of their carrying cost. Such instruments include: cash & bank balances, commercial papers, short term borrowings and trade receivables & trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans

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

Borrowing & Debt Securities

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

External Commercial Borrowings 'ECB' have a minimum average maturity period (MAMP) of 3 years (as applicable to the company) as per the guidelines issued by RBI. If residual maturity of ECB loan availed by the Company is less than MAMP as on balance sheet date then no comparable exit price is available in the market to fair value the same. Therefore, the carrying amount of the ECB loan is considered to represent a reasonable approximation of the fair value. Fair value of ECB borrowings made towards the end of the financial year (March 2018 & March 2019) have been considered to represent a reasonable approximation of the fair value at the reporting date.

Other long term borrowings have been valued at exit price available as on 31 March each year.

Toyota Financial Services India Limited
Bangalore

36 Financial Risk Management

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

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

Risk management framework:

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies The committee meets on a monthly basis and the minutes are shared with the board of directors The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities

A. Credit risk

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

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

Retail credit analysis is based on risk and exposure associated to segments like salary/ self-employed, personal use/ fleet/ driver come owner, individual/ non individuals etc Origination based delinquency is tracking the delinquency from on-boarding month Origination based delinquency is tracked segment wise and special programme wise marketing schemes of the company) which is used to enhance the credit assessment process Further assessment are based on specific Credit Terms related Analysis like tenor, Loan to Value etc Credit bureau score for individual/non individual are considered further for the risk assessment Exceptional risk approvals are based on hierarchy depending on the criticality of the risk

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

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

The Company measures ECL based out of a probability based outcome using a multiple scenario approach such as Best Case, Base Case & Worst Case and assigning weightages to each of the scenario (Also refer Note 1 – Significant Accounting Policies)

Definition of Default

The Company considers a financial instrument defaulted and therefore Stage3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 3 months overdue on its contractual payments
The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition It considers available reasonable and supportive forward-looking information Following indicators are incorporated:-
- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

Probability of default (PD)
Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time

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

EAD in the case of facilities with no limits will be the outstanding exposure which will be calculated as principal + due interest + Interest accrued but not due (as on reporting date) To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments

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

Toyota Financial Services India Limited Bangalore

Financial Risk Management (continued)
Significant in Credit Risk (SICR)

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

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

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

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

31 March 2019 **(Amounts are in INR Million)**

Particulars	Asset group	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Stage 1 Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	71,308 81	0 23%	167 41	71,141 40
Stage 2 Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	2,609 90	5 07%	132 27	2,477 63
Stage 3 Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	1,670 21	56 35%	941 14	729 07

31 March 2018 **(Amounts are in INR Million)**

Particulars	Asset group	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Stage 1 Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	65,697 02	0 30%	198 23	65,498 80
Stage 2 Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	2,497 97	5 26%	131 38	2,366 59
Stage 3 Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	2,405 95	50 39%	1,212 38	1,193 57

01 April 2017 **(Amounts are in INR Million)**

Particulars	Asset group	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Stage 1 Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	58,017 26	0 24%	141 44	57,875 82
Stage 2 Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	3,804 26	10 05%	382 51	3,421 75
Stage 3 Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	806 88	39 14%	315 79	491 09

Toyota Financial Services India Limited Bangalore

Financial Risk Management (continued)
Expected credit loss on Trade receivables and other financial assets

Trade receivables primarily includes receivables against incentive fees from fellow subsidiary Based on the past trends, the Company has not written off any amount of receivable from the party Such receivables carry insignificant probability of default, hence the credit risk is also very low Other financial assets primarily includes interest accrued on fixed deposits and security deposits Credit risk on interest accrued is low as it primarily falls in Stage I Security deposits are measured at FVTPL and hence the credit risk is already factored in the fair value

Cash and cash equivalents and Bank balance

The Company holds cash and cash equivalents and bank balance of INR 2902 36 million at 31 March 2019 (31 March 2018 INR 1086 01 million, 1 April 2017 5 98 million) The cash and cash equivalents are held with bank and financial institution counterparties with acceptable credit ratings

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

(i) Movements in the Gross Carrying Amount and Crorresponding ECL allowances is as follows:

(Amounts are in INR Million)

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 1 April 2017	58,017 26	3,804 26	806 88	62,628 39
Net remeasurement of loss allowance	-14,916 71	-41 03	-201 37	-15,159 11
Transfer to 12 Month ECL from lifetime	543 14	-491 20	-51 94	0 00
Transfer to lifetime ECL-not credit-impaired	-703 89	720 68	-16 79	0 00
Transfer to lifetime ECL-credit impaired	-814 88	-1,337 49	2,152 37	0 00
Financial assets derecognised	-5,237 04	-273 03	-414 63	-5,924 71
New financial assets acquired	28,809 14	115 78	131 43	29,056 35
Balance as at 31 March 2018	**65,697.02**	**2,497.97**	**2,405.95**	**70,600.92**
Net remeasurement of loss allowance	-15,496 53	-302 35	-800 31	-16,599 19
Transfer to 12 Month ECL from lifetime	652 87	-577 27	-75 60	-0 00
Transfer to lifetime ECL-not credit-impaired	-1,174 91	1,194 62	-19 72	-0 00
Transfer to lifetime ECL-credit impaired	-801 89	-133 89	935 78	0 00
Financial assets derecognised	-6,976 95	-219 77	-821 54	-8,018 26
New financial assets acquired	29,409 20	150 59	45 63	29,605 41
Balance as at 31 March 2019	**71,308.81**	**2,609.90**	**1,670.21**	**75,588.88**

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

(Amounts are in INR Million)

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 1 April 2017	141 44	382 51	315 79	839 73
Net remeasurement of loss allowance	(32 90)	54 97	743 67	765 74
Transfer to 12 Month ECL from lifetime	48 12	(30 20)	(17 93)	(0 01)
Transfer to lifetime ECL-not credit-impaired	(4 17)	9 98	(5 82)	(0 01)
Transfer to lifetime ECL-credit impaired	(10 31)	(276 74)	287 05	-
Financial assets derecognised	(17 75)	(24 18)	(145 32)	(187 25)
New financial assets acquired	73 80	15 03	34 94	123 78
Balance as at 31 March 2018	**198.23**	**131.37**	**1,212.38**	**1,541.98**
Net remeasurement of loss allowance	(89 08)	28 94	(49 92)	(110 06)
Transfer to 12 Month ECL from lifetime	51 82	(28 34)	(23 48)	-
Transfer to lifetime ECL-not credit-impaired	(8 80)	15 08	(6 28)	-
Transfer to lifetime ECL-credit impaired	(9 48)	(15 56)	25 04	-
Financial assets derecognised	(24 36)	(22 59)	(276 60)	(323 55)
New financial assets acquired	49 09	23 36	59 99	132 44
Balance as at 31 March 2019	**167.42**	**132.26**	**941.13**	**1,240.81**

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

Financial Risk Management (continued)

(Amounts are in INR Million)

31 March 2019		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	2,902 36	-	-	2,902 36
Trade Receivables	27 89	-	-	27 89
Loans	74,348 11	69,083 29	2,708 99	2,555 83
Other financial assets	34 58	-	-	34 58
Total financial assets	**77,312.94**	**69,083.29**	**2,708.99**	**5,520.66**

31 March 2018		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	1,086 01	-	-	1,086 01
Trade Receivables	23 94	-	-	23 94
Loans	69,058 96	65,800 24	1,901 62	1,357 09
Other financial assets	30 36	-	-	30 36
Total financial assets	**70,199.27**	**65,800.24**	**1,901.62**	**2,497.40**

01 April 2017		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	5 98	-	-	5 98
Trade Receivables	126 95	-	-	126 95
Loans	61,788 66	59,274 04	1,796 24	718 38
Other financial assets	27 18	-	-	-
Total financial assets	**61,948.77**	**59,274.04**	**1,796.24**	**851.31**

The below table provides description and quantitative information of the collateral held as security for credit-impaired financial assets

31 March 2019		Fair value of the collateral		
Type of collateral	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Loans	1,670 21	1,066 20	564 01	40 00
Total credit-impaired financial assets	**1,670.21**	**1,066.20**	**564.01**	**40.00**

31 March 2018		Fair value of the collateral		
Type of collateral	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Loans	2,405 95	1,045 04	499 94	860 97
Total credit-impaired financial assets	**2,405.95**	**1,045.04**	**499.94**	**860.97**

01 April 2017		Fair value of the collateral		
Type of collateral	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Loans	806 88	794 24	12 64	0 00
Total credit-impaired financial assets	**806.88**	**794.24**	**12.64**	**0.00**

Write off

Financial assets are written off when there is no realistic prospect of recovery This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due

Below is the details of the financial assets that were written off during the reporting period and are still subject to enforcement activity

Particulars	**31 March 2019**
Contractual outstanding	1,975 58
Amount written off during the year	1,428 35

Toyota Financial Services India Bangalore

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

B. Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset Liquidity risk arises from mismatches in the timing of amounts of cash flows, which is inherent to the nature of Company's operations. Liquidity risk could lead to situations where the Company needs to raise funds and/or assets need to be liquidated under unfavorable market conditions Measuring and managing liquidity needs are vital for effective operation of the Company by assuring the ability to meet its liabilities as they become due
The liquidity risk can be either (i) institution specific or (ii) market specific.

i. Liquidity risk management
Liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool commonly referred to as Structural Liquidity. The Maturity Profile, are used for measuring the future cash flows of the company in different time buckets The time buckets distributed considered are as per RBI guidelines and monitored by Asset Liability management Comm ttee (ALCO)
- The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows A maturing liability will be a cash outflow while a maturing asset will be a cash inflow.
- The Company strives to manage the negative gap (i.e where outflows exceed inflows) in the particular time-bucket and cumulative gap up to selected maturity period should not exceed the prudential limits approved by the Board . The prudential limits for individual time buckets are based on a percentage of outflows of each time-bucket and the limit for the cumulative gaps are based on the percentage of cumulative gap to cumulative cash outflows up to the period.
- To manage the liquidity risk the company also has lines of credit from various banks including backstop facilities in the form of committed lines measured in the form of "no of day these back stop lines will fund the unforeseen liquidity event" of potential and unexpected business disruption due to unforeseen liquidity distress and cover debt capital market exposure This is monitored as "Days until alternative funding" by the Company
- In order to enable the Company to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, short-term liquidity profiles is estimated on the basis of business projections and other commitments for planning purposes which is effectively used as a predictive tool for its future ALM requirements

ii. Maturity of financial liabilities
The following are the remaining contractual maturities of financial assets and liabilities at the reporting date The amounts are gross and undiscounted, and include estimated interest receipts and payments

As at 31 March 2019

(Amounts are in INR Million)

Particulars	Note No	Contractual cash flows									
		Carrying Amount	Gross Nominal Outflow/Inflow	Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years
Financial liabilities											
Trade Payables	12	1,064 80	1,064 80	1,064 80	-	-	-	-	-	-	-
Debt securities	13	41,631 30	45,194 00	-	3,093 00	3,557 93	6,234 80	11,800 92	20,507 35	-	-
Borrowings (other than debt securities)	14	21,010 37	23,018 77	4,733 86	93 51	90 49	2,141 50	5,118 33	10,841 09	-	-
Other financial liabilities	15	188 72	188 72	188 72	-	-	-	-	-	-	-
Financial Assets											
Cash and cash equivalents	3	2,902 36	2,902 36	1,802 36	1,100 00	-	-	-	-	-	-
Trade receivables	4	27 89	27 89	27 89		-	-	-	-	-	-
Loans	5	74,348 11	85,852 64	5,987 07	4,782 40	3,641 92	8,064 53	14,782 12	37,374.79	10,772 47	447 34
Other financial assets	6	34 58	53 79	9 14	9 49	-	-	-	35 16	-	-

Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

As at 31 March 2018

(Amounts are in INR Million)

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/Inflow	Contractual cash flows							
				Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years
Financial liabilities											
Trade Payables	12	749.81	749.81	749.81	-	-	-	-	-	-	-
Debt securities	13	45,483.00	50,191.47	1,580.66	2,593.00	4,151.30	6,587.40	6,166.91	29,112.20	-	-
Borrowings (other than securities)	14	10,582.98	11,306.92	1,334.77	1,934.13	31.17	1,464.43	3,218.23	3,324.19	-	-
Other financial liabilities	15	125.97	125.97	125.97	-	-	-	-	-	-	-
Financial Assets											
Cash and cash equivalents	3	1,086.01	1,086.00	1,086.00	-	-	-	-	-	-	-
Trade receivables	4	23.94	23.94	-	-	-	23.94	-	-	-	-
Loans*	5	69,058.96	79,548.96	5,050.42	3,960.26	3,144.46	7,322.22	14,404.06	35,375.59	9,864.47	427.48
Other financial assets	6	30.36	38.07	2.43	0.48	-	-	-	1.20	33.96	-

As at 1 April 2017

(Amounts are in INR Million)

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/Inflow	Contractual cash flows							
				Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years
Financial liabilities											
Trade Payables	12	671.42	671.42	671.42	-	-	-	-	-	-	-
Debt securities	13	45,537.80	50,883.67	-	2,000.00	2,427.80	5,614.60	12,550.26	25,176.59	3,114.42	-
Borrowings (other than securities)	14	4,302.48	4,308.84	4,308.84	-	-	-	-	-	-	-
Other financial liabilities	15	90.86	90.86	90.86	-	-	-	-	-	-	-
Financial Assets											
Cash and cash equivalents	3	5.98	5.98	5.98	-	-	-	-	-	-	-
Trade receivables	4	126.95	126.95	126.95	-	-	-	-	-	-	-
Loans*	5	61,788.66	72,330.16	5,420.78	3,988.35	2,969.51	6,167.89	11,676.88	32,239.82	9,204.02	662.91
Other financial assets	6	27.18	34.87	0.43	-	-	-	-	0.48	33.96	-

* EMI Overdue for less than 1 month has been placed in 3-6 months bucket whereas EMI overdue for more than 1 month but less than 3 months has been placed in 6-12 months bucket as per RBI guidelines on Asset Liability Management.
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)

Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financials instrument will fluctuate because of changes in market prices such as foreign exchange rate and interest rate

a. Foreign currency risk

Currency risk is the risk that the value of an receivable/ payable will fluctuate due to changes in foreign exchange rates Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR)

i. Currency risk management

The Company does not have any material foreign currency transactions that would significantly impact the profitability of the company

ii. Exposure to currency risk

The profile of currency exposure on financial assets and financial liabilities as at 31 March 2019, 31 March 2018 and 1 April 2017 are as below:

(Amounts are in INR Million, except foreign currency)

	31 March 2019			31 March 2019		
	USD	JPY	SGD	USD in INR	JPY in INR	SGD in INR
Financial liabilities						
Payables	5,257	1,986,435	16,581	0.36	1.24	0.85

	31 March 2018			31 March 2018		
	USD	JPY	THB	USD in INR	JPY in INR	THB in INR
Financial liabilities						
Payables	8,443	7,492,066	456,708	0.55	4.59	0.95

	1 April 2017			1 April 2017		
	USD	JPY	THB	USD in INR	JPY in INR	THB in INR
Financial liabilities						
Payables	4,191	34,960,571	504,993	0.28	26.22	1.01

Sensitivity analysis

A reasonably possible strengthening/ weakening of the Indian Rupee against foreign currency as at the year end would have affected the measurement of financial instruments denominated in foreign currency and profit or loss by the amounts shown below This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases

	Impact on profit after tax		Impact on other components of equity	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
1% movement				
JPY	(0.01)	0.01	-	-
SGD	(0.01)	0.01	-	-
	(0.02)	**0.02**	-	-

	Impact on profit after tax		Impact on other components of equity	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
1% movement				
USD	(0.00)	0.00	-	-
JPY	(0.03)	0.03	-	-
THB	(0.01)	0.01	-	-
	(0.04)	**0.04**	-	-

	Impact on profit after tax		Impact on other components of equity	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
1 April 2017				
1% movement				
USD	(0.00)	0.00	-	-
JPY	(0.17)	0.17	-	-
THB	(0.01)	0.01	-	-
SGD	-	-	-	-
	(0.18)	**0.18**	-	-

Toyota Financial Services India Limited Bangalore

Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

b. Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instrument because of fluctuations in the interest rates Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in the interest rates

i. Interest rate risk management

The Company measures its interest rate exposure to reduce the risk of loss due to interest rate exposure through the following:

1 Monitor Interest rate sensitivity as prescribed by RBI under IRS (Interest rate sensitivity) return
2 Analyze earnings at risk caused by an upward shift in the yield curve (100 bps parallel shift)

Management draws comfort from the fact that substantial portion of assets and liabilities are at fixed rate

ii. Exposure to interest rate risk

Company's interest rate risk arises from variable rate financial assets or financial liabilities The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows

Particulars	31 March 2019	31 March 2018	1 April 2017
Fixed-rate instruments (net of interest)			
Financial assets	68,322	62,686	53,873
Financial liabilities	(55,629)	(53,559)	(48,188)
Net exposure	**12,693**	**9,127**	**5,685**
Variable-rate instruments (net of interest)			
Financial assets	8,585	7,093	7,690
Financial liabilities	(6,047)	(1,274)	(709)
Net exposure	2,538	5,819	6,981

Financial assets consists of Loans and Fixed Deposit.
Financial liabilities consists of Debts securities, Borrowings (other than debt securities) and Book debts

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss Therefore, a change in interest rates at the reporting date would not affect the statement of profit and loss

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below This analysis assumes that all other variables remain constant

Impact on profit after tax			
Particulars	**31 March 2019**	**31 March 2018**	**1 April 2017**
Variable rate instruments (net)			
100 bps increase	17	38	46
100 bps decrease	(17)	(38)	(46)

Impact on other components of equity			
Particulars	**31 March 2019**	**31 March 2018**	**1 April 2017**
Variable rate instruments (net)			
100 bps increase	-	-	-
100 bps decrease	-	-	-

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date The period end balances are not necessarily representative of the average debt outstanding during the period

37 First time adoption

Explanation of transition to Ind AS

As stated in Note 1.2 , these are the Company's first financial statements prepared in accordance with Ind AS 1, Preparation and Presentation of financial statements. The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2017 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required by Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

The accounting policies set out in Note 1 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2017.

In preparing its Ind AS balance sheet as at 1 April 2017 and in preparing the comparative information for the year ended 31 March 2018, the Company has adjusted the amounts reported previously in financial statement prepared in accordance with Indian GAAP. This note explains the principal adjustments made by the Company in restating Indian GAAP financial statements and how the transition from Indian GAAP to Ind AS has affected Companies financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exception

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional exemptions availed

1. Property, plant and equipment & Intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
– fair value;
– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Indian GAAP as on the date of transition to Ind AS for all the items of property, plant and equipment. The same election has been made in respect of intangible assets as well.

B Mandatory Exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Indian GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Indian GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under Indian GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model
- Interest income and Interest expenses measured using EIR model

2. Derecognition of financial assets and financial liabilities

As per Ind AS 101, an entity should apply the derecognition requirement in Ind AS 109, Financial Instrument, prospectively for transition occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirement retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Accordingly, the Company has opted to apply derecognition requirement prospectively for transaction occurring on or after the date of transition.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

Toyota Financial Services India Limited Bangalore

First time adoption (Continued)

Explanation of transition to Ind AS (Continued)

Reconciliation of assets and liabilities as at 1 April 2017 and as at 31 March 2018

(Amounts are in INR Million)

Particulars	Note	At the date of transition 1 April 2017			31 March 2018		
		Indian GAAP*	Effect of transition to Ind AS	Ind AS	Indian GAAP*	Effect of transition to Ind AS	Ind AS
Assets							
Financial Assets							
Cash and cash equivalents		5 98	-	5 98	1,086 01	-	1,086 01
Trade Receivables		126 95	-	126 95	23 94	-	23 94
Loans	1, 4 & 5	61,471 54	317 12	61,788.66	68,513.85	545.11	69,058.96
Other financial assets	2	36 08	(8 90)	27 18	37 38	(7 02)	30 36
Non-financial Assets							
Current tax assets (Net)		1 99	-	1.99	41 40	-	41 40
Deferred tax assets (Net)	6	320 19	(122 76)	197 44	484 33	(153 18)	331.15
Property, plant and equipment		47 27	-	47 27	43 57	-	43 57
Other intangible assets		23.54	-	23 54	30 93	-	30 93
Intangible assets under development		13 78	-	13 78	3 33	-	3 33
Other non-financial assets	5	110 54	8 67	119 20	187 04	(132.54)	54 49
Total Assets		**62,157.86**	**194.13**	**62,351.99**	**70,451.78**	**252.37**	**70,704.14**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial liabilities							
Payables							
Trade Payables		671 42	-	671 42	749 81	-	749 81
(i) Total outstanding dues of micro enterprises and small enterprises		0 22	-	0 22	1.25	-	1 25
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		671.20	-	671 20	748 56	-	748.56
Debt securities	3	45,575 61	(37 81)	45,537 80	45,520 07	(37 07)	45,483 00
Borrowings (other than debt securities)		4,302 48	-	4,302.48	10,582 98	-	10,582 98
Other financial liabilities		90 86	-	90 86	125.97	-	125 97
Non-Financial liabilities							
Provisions		52 29	-	52 29	49 37	-	49 37
Other non-financial liabilities		28 80	-	28 80	46 58	-	46 58
Equity share capital		8,638 55	-	8,638 55	9,579 73	-	9,579 73
Other equity	1-8	2,797 85	231 94	3,029 79	3,797 27	289 43	4,086 70
Total Liabilities and Equity		**62,157.86**	**194.13**	**62,351.99**	**70,451.78**	**252.37**	**70,704.14**

** The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.*

Toyota Financial Services India Limited Bangalore

B S R & Co. Chartered Accountants LLP BANGALORE 560 071

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

First time adoption (Continued)

Explanation of transition to Ind AS (Continued)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(Amounts are in INR Million)

Particulars	Note	Year ended 31 March 2018 Indian GAAP*	Adjustments on transition to Ind AS	Ind AS
Revenue from operations	1	6,538.80	138.37	6,677.17
Other income	2	41.95	-	41.95
Total Income		**6,580.75**	**138.37**	**6,719.12**
Expenses				
Finance cost	3	3,995.56	0.74	3,996.30
Impairment on financial instruments	4	984.98	123.18	1,108.16
Employee benefit expenses	7	357.97	0.26	358.22
Depreciation, amortisation and impairment		30.13	0.00	30.13
Other expenses	2 & 5	683.14	(73.45)	609.69
Total expenses		**6,051.78**	**50.73**	**6,102.50**
Profit before tax		**528.97**	**87.64**	**616.62**
Profit/(loss) for the period		**528.97**	**87.64**	**616.62**
Tax expense				
1 Current tax		352.50	-	352.50
2 Deferred tax	6	(164.13)	30.33	(133.80)
Total tax expense		**188.37**	**30.33**	**218.70**
Profit/ (Loss) for the year		**340.60**	**57.31**	**397.91**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans	7	-	0.26	0.26
Income tax relating to items that will not be reclassified to profit or loss	6	-	(0.09)	(0.09)
Other comprehensive income		-	**0.17**	**0.17**
Total comprehensive income/ (loss) for the year		**340.60**	**57.48**	**398.09**

* *The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note*

Notes to the reconciliations

A Reconciliation of Equity

Particulars	Note	As at 31 March 2018	As at 1 April 2017
Equity under Indian GAAP attributable to the shareholders		**13,377.00**	**11,436.40**
Adjustments:			
Impact on financial assets pursuant to application of effective interest rate method	1	302.72	239.29
Impact in financial liabilities pursuant to application of effective interest rate method	3	37.07	37.81
Impact on provision for expected credit loss	4	103.23	77.84
Impact of fair valuation of financial asset carried through profit and loss	2	(0.41)	(0.23)
Tax impact on above adjustments	6	(153.18)	(122.76)
Equity under Ind AS attributable to the shareholders		**13,666.43**	**11,668.35**

B Reconciliation of Total Comprehensive Income

Particulars	Note	Year ended 31 March 2018
Profit as per Indian GAAP		**340.60**
Adjustments:		
Impact on financial asset pursuant to application of effective interest rate method	1	63.43
Impact on financial liabilities pursuant to application of effective interest rate method	3	(0.74)
Impact on Provision for expected credit loss	4	25.40
Impact of fair valuation of financial assets carried through profit and loss	2	(0.18)
Remeasurement gains (losses) on defined benefit plans	7	(0.26)
Tax impact on above	6	(30.33)
Net Profit for the year as per Ind AS (A)		**397.92**
Deferred tax on Remeasurement gains (losses) on defined benefit plans	6	(0.09)
Other comprehensive income for the year under Ind AS		**0.17**
Total comprehensive income for the year under Ind AS		**398.09**

First time adoption (Continued)

Explanation of transition to Ind AS (Continued)

C Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(6,432 75)	3,706 45	(2,726 30)
Net cash flow from investing activities	(23 26)	0 19	(23 08)
Net cash flow from financing activities	7,536 05	(3,271 67)	4,264 38
Net increase/(decrease) in cash and cash equivalents	**1,080.03**	**434.97**	**1,515.00**
Cash and cash equivalents as at 1 April 2017	5 98	(709 38)	(703 41)
Cash and cash equivalents as at 31 March 2018	**1,086.00**	**(274.41)**	**811.59**

1 Effective rate of interest on loans and advances

Ind AS 109 requires transaction cost/ income directly attributable to origination of loans to be recognized in the statement of profit and loss over the contractual terms of the loans applying effective interest rate method

Ind AS 109 requires carrying amount of loans to be recorded, net of such transaction costs / income. Under previous GAAP, these as unamortized loan were shown as unamortized loan origination cost under non-current / current liabilities

Further under Ind AS, interest income on the credit impaired loan assets (non-performing assets), is calculated by applying effective interest rate to the amortized cost of such loan assets Under previous GAAP, interest income on non-performing assets were recognized upon realization as per RBI guidelines Under Ind AS, the loan assets are disclosed net of impairment allowance calculated using expected credit loss model

2 Discounting of security deposit

Under the Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits has been recognized as prepaid rent The prepaid rent has been amortized over respective lease term as rent expense under 'other expenses' The discounted value of the security deposits is increased over the lease term by recognizing notional interest income

3 Effective rate of interest on borrowings

Ind AS 109, requires transaction costs directly attributable to the originations of borrowing to be charges to statement of profit and loss as interest expenses over the contractual terms of borrowings applying effective interest rate method Accordingly, borrowing are required to be recorded, net of such transaction costs Under previous GAAP, these transactions costs were shown as unamortized borrowing costs under non-current/ current assets

4 Expected credit loss allowance

Under Indian GAAP, loss provision for loans and advances was created based on prudential norms issued by RBI On transition to Ind AS, the Company has recognized impairment loss on loans based on the expected credit loss (ECL) model as required by Ind AS 109 The Company uses an allowance matrix to measure the expected credit loss over the last 5 years, considering forward looking collateral value based on macro economic forecast. The impact for April 2017 has been taken to retained earnings and the impact for the year ended 31 March 2018 to Statement of Profit & Loss for the year

5 Derecognition of financial assets and liabilities

The company has elected to apply the derecognition principal of Ind AS 109, from the date of Ind AS transition, i e 1 April 2017

6 Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax wherever applicable

7 Actuarial gain/losses

Under previous GAAP, actuarial gains and losses were recognized in Statement of Profit and Loss Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognized in other comprehensive income Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of Statement of Profit and Loss The concept of the other comprehensive income did not exist under previous GAAP

8 Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments

Toyota Financial Services India Limited Bangalore

38 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014

(Amounts included herein are based on current and previous year financials as per Ind AS)

a) Capital

S.No	Particulars	31 March 2019	31 March 2018	01 April 2017
i)	CRAR (%)	18.59	19.56	18.99
ii)	CRAR - Tier I Capital (%)	18.19	19.09	18.16
iii)	CRAR - Tier II Capital (%)	0.40	0.47	0.83
iv)	Amount of Subordinated debt raised as Tier-II Capital	-	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-	-

S.No	Particulars	31 March 2019	31 March 2018	01 April 2017
1	Value of Investments	-	-	-
	(i) Gross Value of Investments	-	-	-
	(a) In India	-	-	-
	(b) Outside India	-	-	-
	(ii) Provisions for Depreciation	-	-	-
	(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	-	-	-

c) Derivatives

(i) Forward Rate Agreement/ Interest Rate Swap

S.No	Particulars	31 March 2019	31 March 2018	01 April 2017
(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	March 31, 2019	March 31, 2018	April 1, 2017
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March of respective years	-	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-

Toyota Financial Services India Limited Bangalore

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(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

(Amounts are in INR Million)

S.No.	Particular	31 March 2019		31 March 2018		01 April 2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)						
	For hedging	-	-	-	-	-	-
(ii)	Marked to Market Positions [1]						
	b) Liability (-)	-	-	-	-	-	-
(iii)	Credit Exposure [2]	-	-	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-	-	-

(d) (i) Disclosures relating to Securitisation

S.No.	Particulars	31 March 2019	31 March 2018	01 April 2017
1	No of SPVs sponsored by the NBFC for securitisation transactions	-	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-	-
	a) Off-balance sheet exposures	-	-	-
	First loss	-	-	-
	Others	-	-	-
	b) On-balance sheet exposures	-	-	-
	First loss	-	-	-
	Others	-	-	-
4	Amount of exposures to securitisation transactions other than MRR	-	-	-
	a) Off-balance sheet exposures	-	-	-
	(i) Exposure to own securitizations	-	-	-
	First loss	-	-	-
	Loss	-	-	-
	(ii) Exposure to third party securitisations	-	-	-
	First loss	-	-	-
	Others	-	-	-
	b) On-balance sheet exposures	-	-	-
	(i) Exposure to own securitisations	-	-	-
	First loss	-	-	-
	Others	-	-	-
	(ii) Exposure to third party securitisations	-	-	-
	First loss	-	-	-

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

S.No.	Particulars	31 March 2019	31 March 2018	01 April 2017
(i)	No of accounts	-	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-	-
(iii)	Aggregate consideration	-	-	-
(iv)	Additional consideration realized in respect of	-	-	-
(v)	Aggregate gain / loss over net book value	-	-	-

Toyota Financial Services India Limited Bangalore

(iii) Details of Assignment transactions undertaken

S.No.	Particulars	31 March 2019	31 March 2018	01 April 2017
(i)	No. of accounts	-	-	-
(ii)	Aggregate value (net of provisions) of accounts sold	-	-	-
(iii)	Aggregate consideration	-	-	-
(iv)	Additional consideration realized in respect of	-	-	-
(v)	Aggregate gain / loss over net book value	-	-	-

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

A. Details of non-performing financial assets purchased :

S.No.		Particulars	31 March 2019	31 March 2018	01 April 2017
1	a)	No. of accounts purchased during the year	-	-	-
	b)	Aggregate outstanding	-	-	-
2	a)	Of these, number of accounts restructured during the year	-	-	-
	b)	Aggregate outstanding	-	-	-

B. Details of Non-performing Financial Assets sold

S.No.	Particulars	31 March 2019	31 March 2018	01 April 2017
1	No. of accounts sold	-	-	-
2	Aggregate outstanding	-	-	-
3	Aggregate consideration received	-	-	-

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP Chartered Accountants BANGALORE 560 071

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(e) Exposures

(i) Exposure to Real Estate Sector

(Amounts are in INR Million)

Category	31 March 2019	31 March 2018	01 April 2017
Direct Exposure			
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-	-
(ii) Commercial Real Estate -	-	-	-
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits	-	-	-
(iii) Investments in Mortgage Backed Securities(MBS) and other securitised exposures -	-	-	-
a. Residential	-	-	-
b. Commercial Real Estate	-	-	-
Total Exposure to Real Estate Sector	-	-	-

(ii) Exposure to Capital Market

Particulars		31 March 2019	31 March 2018	01 April 2017
(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)	-	-	-
	Total Exposure to Capital Market	-	-	-

(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, 2018: Nil)

Toyota Financial Services India Bangalore

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(f) Miscellaneous

(i) Registration obtained from other financial sector regulators
The Company has obtained corporate agency license in February, 2019 from Insurance Regulatory and Development Authority of India for distributing insurance products

(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	Date of Rating	Rating	Previous Rating
1	Redeemable Non-Convertible Debentures	February 18, 2014	ICRA AAA	CRISIL AAA
2	Commercial Papers	February 18, 2014	ICRA A1+	CRISIL A1+
3	Bank facility (Long term)	December 27, 2018	ICRA AAA	CRISIL AAA
4	Bank facility (Long term)	March 26, 2019		
5	Bank facility (Short term)	March 26, 2019	ICRA A1+	

There have not been any migrations during the year

(iv) Net Profit or Loss for the period, prior period items and changes in accounting policies
There are no prior period items included in the current year's statement of profit and loss

(v) Revenue Recognition
There is no revenue which has been postponed pending the resolution of significant uncertainties, except for interest income specified in Note 1 in first time adoption (Note 37)

(g) Additional Disclosures
(i) Provisions and Contingencies

(Amounts are in INR Million)

Break up of 'Provisions and Contingencies'shown in the statement of profit and loss	31 March 2019	31 March 2018	01 April 2017
Under 'Impairment on financial instruments'	-	-	-
Provision towards NPA	(166 68)	780 06	38 76
Contingent Provision for Standard Assets, including future potential losses	(26 55)	(196 65)	358 73
Under 'Tax expenses'			
Provision made towards Income tax	134 50	352 50	411 07
Under 'Employee Benefit Expenses'			
Provision for Gratuity and Compensated absences	8 49	6 77	6 15

(ii) Draw Down from Reserves
The Company has not made any draw down from reserves

(iii) Concentration of Deposits, Advances, Exposures and NPAs

(A) Concentration of Deposit

The Company is a non deposit taking NBFC and has not obtained any deposit from depositors
(B) Concentration of Advances

	31 March 2019	31 March 2018	01 April 2017
Total Advances to twenty largest borrowers	8,396 56	7,828 45	8,256 61
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	12 06%	11 43%	13 30%

(C) Concentration of Exposures

	31 March 2019	31 March 2018	01 April 2017
Total Exposure to twenty largest borrowers /customers	10,555 61	10,057 90	9,736 70
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	14 50%	14 00%	15 11%

(D) Concentration of NPAs

	31 March 2019	31 March 2018	01 April 2017
Total Exposure to top four NPA accounts	654 43	1,229 69	248 17

Toyota Financial Services India Limited Bangalore

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(h) Disclosure on Restructured Advances

(Amounts are in INR Million)

Sl No	Type of Restructuring → Asset Classification → Details ↓		Standard	Sub Standard	Others Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures) *#	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures)		-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(E) Sector-wise NPAs

		Percentage of NPAs to Total Advances in that sector		
Sl.No.	**Sector**	**31 March 2019**	**31 March 2018**	**01 April 2017**
1	Agriculture & allied activities	-	-	-
2	MSME	-	-	-
3	Corporate borrowers	-	-	-
4	Services	-	-	-
5	Unsecured personal loans	-	-	-
6	Auto loans*	2.21%	3.41%	1.29%
7	Other personal loans	-	-	-

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

(iv) Movement of NPAs

(Amounts are in INR Million)

Sl.No.	**Sector**	**31 March 2019**	**31 March 2018**
(i)	Net NPAs to Net Advances (%)	0.98	1.72
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	2,405.95	806.88
	(b) Additions during the year	972.80	2,243.62
	(c) Reductions during the year *	1,708.54	644.55
	(d) Closing balance	1,670.21	2,405.95
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,190.20	490.03
	(b) Additions during the year	692.51	1,131.50
	(c) Reductions during the year	1,153.63	431.33
	(d) Closing balance	729.08	1,190.20
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,215.75	316.85
	(b) Provisions made during the year	280.29	1,112.12
	(c) Write-off / write-back of excess provisions *	554.91	213.22
	(d) Closing balance	941.13	1,215.75

**working based on monthly movement of NPAs
* Balancing figure

(v) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)
The Company does not have any Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

(vi) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)
The Company does not have any off-balance sheet SPVs sponsored

(i) Disclosure of Customer Complaints

Sl.No.	**Particulars**	**31 March 2019**	**31 March 2018**	**01 April 2017**
(a)	No. of complaints pending at the beginning of the year	25	-	-
(b)	No. of complaints received during the year	882	589	850
(c)	No. of complaints redressed during the year	893	564	850
(d)	No. of complaints pending at the end of the year	14	25	-

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

(Amounts are in INR Million)

Particulars	**31 March 2019**	**31 March 2018**	**01 April 2017**
a. Persons involved			
Customers	19.84	8.45	13.58
Collection Agency	0.87		
Dealer	1,508.26		
Total	**1,528.97**	**8.45**	**13.58**
b. Type of Fraud			
Misappropriation and criminal breach of trust	-	-	-
Fraudulent encashment/ manipulation of books of account	-	-	-
Cheating and forgery	1,528.97	8.45	13.58

Non-Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure I.

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November 2014 (continued)
(Amounts included herein are based on current and previous year financials as per Ind AS)

(v) Maturity pattern of certain assets and liabilities as at 31 March 2019

31 March 2019 (Amounts are in INR Million)

	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
Liabilities									
Borrowings **	4 733 86	3,186 51	3,648 42	8 376 30	16,919 25	31 348 44	-	-	68,212 78
Assets *									
Advances (net of NPA provision)	5,987 07	4,782 40	3 641 92	8 064 53	14 782 12	37,374 79	10,772 47	447 34	85,852 64
Cash and cash equivalents	1 802 36	1 100 00	-	-	-	-	-	-	2,902 36
Investments	-	-	-	-	-	-	-	-	-
Foreign Currency Assets #	-	-	-	-	-	-	-	-	-

31 March 2018

	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
Liabilities									
Borrowings **	2 915 43	4,527 13	4,182 47	8,051.83	9 385 14	32 436 39	-	-	61,498 39
Assets *									
Advances (net of NPA provision)	5,050 42	3,960 26	3,144 46	7,322 22	14,404.06	35,375 59	9,864 47	427.48	79,548 96
Cash and cash equivalents	1 086 00	-	-	-	-	-	-	-	1,086 00
Investments	-	-	-	-	-	-	-	-	-
Foreign Currency Assets #	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities #	6 09	-	-	-	-	-	-	-	6 09

01 April 2017

	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
Liabilities									
Borrowings **	2,915 43	4,527 13	4,182 47	8,051 83	9,385 14	32,436 39	-	-	61,498 39
Assets *									
Advances (net of NPA provision)	5,420 78	3,988 35	2,969 51	6 167 89	11,676 88	32 239 82	9,204 02	662 91	72,330.16
Cash and cash equivalents	5 98	-	-	-	-	-	-	-	5 98
Investments	-	-	-	-	-	-	-	-	-
Foreign Currency Assets #	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities #	27 52	-	-	-	-	-	-	-	27 52

* Excludes advance income tax/ tax deducted at source (net of provisions) and other advances (not related to lending activity)
** Borrowing towards commercial paper and Deep Discount Bonds has been taken at face value
# The Company do not have any foreign currency assets and liabilities in relation to its principal operations
Remaining contractual cashflow of financial liabilities and assets as at the reporting date The amounts are gross and undiscounted, and include estimated interest payments & interest income

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

Toyota Financial Services India Limited Bangalore

39 The disclosure in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 haave not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

40 Prior year comparatives

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 116231W/W - 100024

N Sampath Ganesh
Partner
Membership No. 042554

Mumbai
28 'May 2019

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

Tomohei Matsushita
Managing Director & CEO
DIN:07335725

Bangalore
28 'May 2019

Hao Quoc Tien
Director
DIN:08346688

Bangalore
28 'May 2019

Norimasa Ogawa
Chief Financial Officer

Bangalore
28 'May 2019

Reena Mary
Company Secretary
ACS23518
Bangalore
28 'May 2019

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Annexure I forming part of the financial statements for the year ended 31 March 2019

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

(as required in terms of Paragraph 18 of Master Direction -Non-Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Amounts are in INR Million)

Particulars	Amount outstanding	Amount overdue
Liabilities Side		
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures # : Secured*	30,379.80	-
: Unsecured	3,522.91	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans*	18,987.73	-
(d) Intercorporate loans and borrowing	-	-
(e) Commercial Paper	7,728.59	-
(f) Other Loans (Working Capital Loans from Banks)	2,047.41	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid:		
(a) In the form of Unsecured Debentures	-	-
(b) In the form of partly secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

* Including Interest accrued but not due
\# Balances as per financials as computed under IND AS under Effective Interest Rate 'EIR'

Asset Side

Particulars	Amount Outstanding
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	71,834.24
(b) Unsecured*	2,513.88
(4) Break-up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments :	
Current investments:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	
(iii) Units of Mutual funds	-
(iv) Government Securities	-
(v) Others	-
2. Unquoted	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual funds	-
(iv) Government Securities	-
(v) Others	-

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

Toyota Financial Services India Limited Bangalore

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2019

Annexure 1 forming part of the financial statements for the year ended 31 March 2019

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

(Amounts are in INR Million)

	Amount Outstanding
Long Term investments	
1. Quoted	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual funds	-
(iv) Government Securities	-
(v) Others	-
2. Unquoted	-
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual funds	-
(iv) Government Securities	-
(v) Others	-

Please see note 2 below

Category	**Amount net of provisions**		
	Secured	**Unsecured**	**Total**
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
('c) Other related parties	-	-	-
2. Other than related parties*	71,834.24	2,513.88	74,348.11
Total	71,834.24	2,513.88	74,348.11

*Provision for impairment of loans have been bifurcated on weighted average basis of secured and unsecured loan amount as disclosed in the financials.

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Please see note 3 below)

Category	**Market Value/ Break-up or fair value or NAV**	**Book Value (Net of Provisions)**
1. Related Parties		
(a) Subsidiaries**	-	-
(b) Companies in the same group	-	-
(c) Other than related parties	-	-
2. Other than related parties		
Total	-	-

** As per Accounting Standard of ICAI (Please see Note 3)

(8) Other Information

	Particulars	**Amount**
(i)	Gross Non Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	1,670.21
(ii)	Net Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	941.13
(iii)	Assets acquired in satisfaction of debt	0.61

Notes:

1. The provision -point xix of paragraph 3 of chapter -2 of the these Directions is applicable to NBFC- MFI

2. Provisioning norms shall be applicable as prescribed in Master Direction- Non- Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the shareholders of Toyota Financial Services India Limited shall be held at 4.00 P.M. on Monday, August 19, 2019 at the registered office of the Company at No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar Bangalore-560025 to transact, with or without modification(s) as may be permissible, the following business:

Ordinary Business:

1. Receive, consider and adopt the audited Financial Statements of the Company as on March 31, 2019, including the audited Balance Sheet as on March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date together with Reports of Directors and Auditors thereon.

Special Business:

2. **Appointment of Mr. Ashok Rao Baswa (DIN: 01517632) as Independent Director**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

   "**Resolved that** pursuant to the provisions of Section 149, 150 and 152 read with schedule IV of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, and all other applicable provisions of the Companies Act, 2013 and rules & regulations made thereunder, if any (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and the Rules/ Regulations/ Guidelines, if any, prescribed by any relevant authorities from time to time, and based on recommendation by the Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Ashok Rao Baswa (DIN: 01517632), be and is hereby appointed as an Independent Director to hold office for a period of 01 (one) year from the conclusion of the Eighth Annual General Meeting till the conclusion of the Ninth Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act.

   Resolved further that any Director of the Company or Mr. Norimasa Ogawa, Chief Financial Officer, be and are hereby authorized severally to do all such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs."

3. **Appointment of Mr. Hao Quoc Tien (DIN:08346688) as a Director of the Company:**

   To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution:**

   "**Resolved that** Mr. Hao Quoc Tien (DIN: 08346688) who was appointed as Non-Executive Additional Director with effect from February 13, 2019 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, proposing his candidature for the office of director, be and is hereby appointed as Director of the Company, who will be liable to retire by rotation."

Toyota Financial Services India Limited Bangalore

"Resolved further that any Director of the Company or Mr. Norimasa Ogawa, Chief Financial Officer or the Company Secretary, be and are hereby severally authorized to severally do such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs."

4. **Appointment of Mr. Masakazu Yoshimura (DIN:08327922) as a Director of the Company:**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution:**

"Resolved that Mr. Masakazu Yoshimura (DIN: 08327922) who was appointed as Non-Executive Additional Director with effect from February 13, 2019 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

"Resolved further that any Director of the Company or Mr. Norimasa Ogawa, Chief Financial Officer or the Company Secretary, be and are hereby severally authorized to severally do such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs."

5. **Appointment of Mr. Narayanaswamy Raja (DIN: 06840450) as a Director of the Company:**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution:**

"Resolved that Mr. Narayanaswamy Raja (DIN: 06840450) who was appointed as Non-Executive Additional Director with effect from February 13, 2019 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

"Resolved further that any Director of the Company or Mr. Norimasa Ogawa, Chief Financial Officer or the Company Secretary, be and are hereby severally authorized to severally do such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs."

By order of the Board of Directors

Reena Mary
Company Secretary
ACS23518

Toyota Financial Services India Limited
Bangalore

Date: 25.07.2019
Place: Bangalore

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE ON HIS/HER BEHALF AND A PROXY NEED NOT BE A MEMBER. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 (Forty Eight) hours before the AGM. Proxies submitted on behalf of limited companies, etc. must be supported by appropriate resolutions or authority, as applicable. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

3. Corporate Members intending to send their authorised representatives to attend and vote at the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. All documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company during normal business hours from 11 a.m. to 1 p.m. on all working days, up to and including the date of the Annual General Meeting of the Company and will also be available for inspection at the meeting.

Toyota Financial Services India Limited
Bangalore

TOYOTA FINANCIAL SERVICES

Annexure to Notice:

Explanatory Statement pursuant to section 102 of the Companies Act, 2013

Item no. 2:

It is proposed to appoint Mr. Ashok Rao Baswa as Independent Director for a period of 01 (one) year from conclusion of Eighth Annual General Meeting till the conclusion of the Ninth Annual General Meeting in terms of Section 149, 150 and 152 of the Companies Act, 2013 and schedule IV of the Companies Act, 2013 read with Articles of Association of the Company.

Mr. Ashok Rao Baswa is a Chartered Accountant and a Certified Information System Auditor by profession and he has about three decades of experience in the field of Finance, Banking and Insurance industry. His last stint included the position of Group Head-Integration Management at erstwhile Ing Vysya Bank & Kotak Mahindra Bank. Your Board of Directors felt that his extensive experience would contribute to the business of the Company.

In pursuance of Section 152 of the Companies Act, 2013 read with rules made thereunder, it is legally required that a Director (other than additional director) can be appointed in the company only with the consent of the members of the Company at a general meeting. Mr. Ashok Rao Baswa has given a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and other necessary declarations as in terms of the Companies Act, 2013 and the directions of the Reserve Bank of India have been obtained.

In the opinion of the Board, Mr. Ashok Rao Baswa, proposed to be appointed fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and the Reserve Bank of India and that the proposed director is independent of the management. None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, other than Mr. Ashok Rao Baswa are interested or concerned in the resolution.

The Board and Nomination and Remuneration Committee recommend her appointment and recommend the resolution for approval of the members.

Item no 3:

Mr. Hao Quoc Tien (DIN:08346688) was appointed as Additional Non-Executive Director with effect from February 13, 2019 to hold office till this Annual General Meeting ('AGM') pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company. Mr. Hao Quoc Tien, being eligible is proposed to be appointed as Director of the Company who shall be eligible for retirement on rotation.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, other than Mr. Hao Quoc Tie is interested or concerned in the resolution.

The Board and Nomination and Remuneration Committee recommend his appointment and recommend the resolution for approval of the members.

Item no 4:

Mr. Masakazu Yoshimura (DIN:08327922) was appointed as Additional Non-Executive Director with effect from February 13, 2019 to hold office till this Annual General Meeting ('AGM') pursuant to provisions of Section 161 of the

Toyota Financial Services India Limited Bangalore

Companies Act, 2013, read with Articles of Association of the Company. Mr. Masakazu Yoshimura being eligible is proposed to be appointed as Director of the Company who shall be eligible for retirement on rotation.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, other than Mr. Masakazu Yoshimura is interested or concerned in the resolution.

The Board and Nomination and Remuneration Committee recommend his appointment and recommend the resolution for approval of the members.

Item no 5:

Mr. Narayanaswamy Raja (DIN: 06840450) was appointed as Additional Non-Executive Director with effect from February 13, 2019 to hold office till this Annual General Meeting ('AGM') pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company. Mr. Narayanaswamy Raja being eligible is proposed to be appointed as Director of the Company who shall be eligible for retirement on rotation.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, other than Mr. Narayanaswamy Raja is interested or concerned in the resolution.

The Board and Nomination and Remuneration Committee recommend his appointment and recommend the resolution for approval of the members.

By order of the Board of Directors

Reena Mary
Company Secretary
ACS23518

Toyota Financial Services India Limited
Bangalore

Date:25.07.2019
Place: Bangalore

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Registered office: No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar, Bangalore-560025

Corporate Identity Number: U74900KA2011FLC058752

www.toyotafinance.co.in

8th Annual General Meeting-____________

Name of the Member(s)	
Registered address	
Email Id	
Folio No.	

I/ We, being the holder(s) of ________________ equity shares of Toyota Financial Services India Limited, hereby appoint

1 Name : ____________________ E-mail id: ____________________
Address: ____

Signature: ______________________ or failing him/her

2. Name : ____________________ E-mail id: ____________________
Address: ____

Signature: ______________________ or failing him/her

3. Name : ____________________ E-mail id: ____________________
Address: ____

Signature: ______________________ or failing him/her

As my/ our proxy to attend and vote for me/us and on my/our behalf at the 8th Annual General Meeting of the Company to be held on __________, at ___ a.m. at No 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar, Bangalore-560025, India and at any adjournment thereof in respect of such resolution as are indicate the Notice.

Signed this ________________ day of ______________ 2019

Signature of Shareholder ________________________ Signature of Proxy holder (s) ________________________

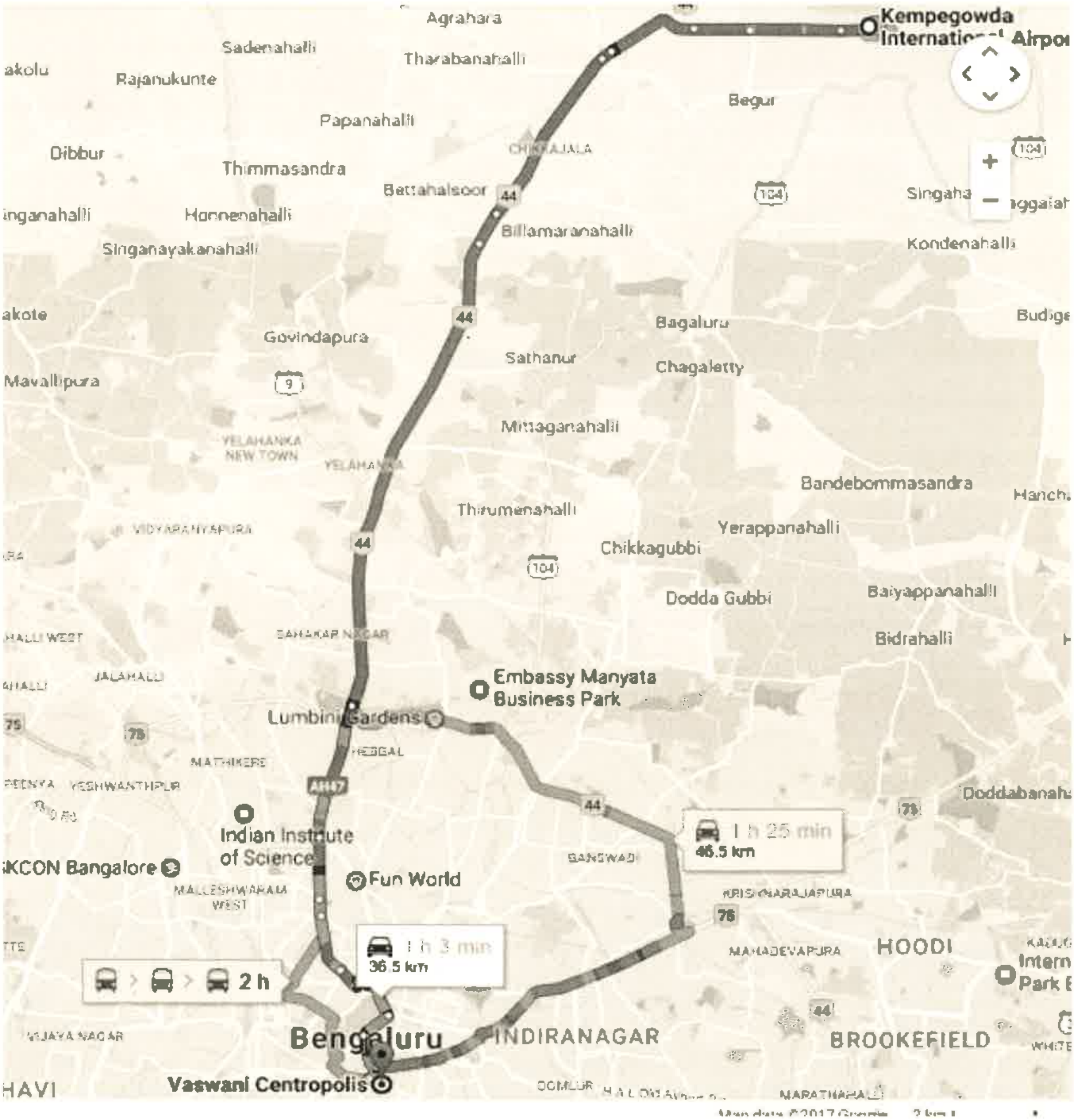
Note: this form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Toyota Financial Services India Limited
Bangalore

TOYOTA
FINANCIAL SERVICES

Map route to venue of the meeting (from Kempegowda International Airport)

Landmark: Near ICICI Bank



Bangalore

TOYOTA
FINANCIAL SERVICES

Specimen Attendance Slip

Name of the Company: **TOYOTA FINANCIAL SERVICES INDIA LIMITED**
Registered Address: **NO. 21 CENTROPOLIS, FIRST FLOOR, 5TH CROSS LANGFORD ROAD, SHANTI NAGAR BANGALORE KA 560025 IN**
CIN: **U74900KA2011FLC058752** Email: **cs@tfsin.co.in** Telephone: **080-2344-2800**
Website: **www.toyotafinance.co.in**

ATTENDANCE SLIP

Eighth Annual General Meeting (2019-20):

Folio No. / DP ID Client ID No.	
Name of First named Member/Proxy/ Authorised Representative	
Name of Joint Member(s), if any:	
No. of Shares held	

I/we certify that I/we am/are member(s)/proxy for the member(s) of the Company.

I/we hereby record my/our presence at the Annual General Meeting of the Company being held on ______, _____, **2019 at time ______ P.M** at First Floor, No. 21 Centropolis, 5th Cross, Langford Road, Shanti Nagar Bangalore-560025

Signature of First holder/Proxy/Authorised Representative

Signature of 1st Joint holder

Signature of 2nd Joint holder

Note(s) :

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the MEETING VENUE.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

Toyota Financial Services India Limited Bangalore

TOYOTA FINANCIAL SERVICES

TOYOTA FINANCIAL SERVICES INDIA LTD.
Regd Office: No. 21, Centropolis, 1st Floor,
5th Cross, Langford Road, Shanti Nagar,
Bangalore – 560 025