9TH ANNUAL REPORT 2019-20

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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:

Mr. Sanjeev Kumar Tulsyan
Internal Auditor (In house)
(Since June 25, 2020)

DEBENTURE TRUSTEE:

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

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mr. Nithya Prabhu R.

BANKERS:

Axis Bank Ltd.
Bank of America
MUFG Bank
CITI Bank N.A.
Credit Agricole Corporate & Investment Bank
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

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the performance and affairs of your Company for the financial year ended March 31, 2020.

Report on the Performance and Financial Position:

The summary of financial results of your Company for the financial year ended March 31, 2020 is hereunder:

(Amount in INR Millions)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	7,349.50	7,128.99
Total Expenditure (excluding depreciation)	7,794.88	6,549.22
Profit / (Loss) Before Depreciation & Tax	(445.38)	579.77
Less: Depreciation	109.49	30.42
Profit / (Loss) before tax	(554.87)	549.35
Less: Tax Expense	(57.38)	191.13
Profit / (Loss) after tax	(497.49)	358.22
Other comprehensive income (net of tax)	(0.40)	(0.10)
Total comprehensive income after tax	(497.89)	358.12
Appropriations from profit after tax		
Transfer to Special Reserve under section 45-IC of RBI Act, 1934	-	(71.64)
Balance carried forward to Balance Sheet	(497.89)	286.47

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 of your Company. The present Authorized share capital and Paid up capital is Rs. 9,579,729,570 (Rupees Nine Billion Five Hundred Seventy-Nine Million Seven Hundred Twenty-Nine Thousand Five Hundred Seventy Only).

Amount carried to Reserves:

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

For FY 2019—20 as Company recorded losses no amount 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, 2020 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:

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

Change in Directors and Key Managerial Personnel:

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

- Ms. Renu Rajani, Independent Director completed her service tenure with the Company at the Eighth Annual General Meeting (AGM) held on August 19, 2019.

- Mr. Ashok Rao Baswa was appointed as Independent Director in Eighth AGM held on August 19, 2019 for a period of one year till the conclusion of Ninth AGM.

- Mr. Tomohei Matsushita, Managing Director & CEO has resigned from the Managing Director & CEO role effective December 31, 2019.

- Mr. Narayanaswamy Raja, non-executive director since February 13, 2019, was appointed as Managing Director & CEO effective January 01, 2020 for a period of two years, ending December 31, 2021.

- Mr. Manabu Ueno was appointed as Whole time Director effective January 01, 2020 for a period of three years, ending December 31, 2022.

- Ms. Reena Mary resigned from the position of Company Secretary and Compliance Officer effective February 26, 2020.

- Mr. Nithya Prabhu R was appointed as Company Secretary and Compliance Officer effective February 27, 2020.

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. Narayanaswamy Raja	Managing Director and CEO	January 1, 2020
Mr. Manabu Ueno	Whole Time Director	January 1, 2020
Mr. Hao Quoc Tien	Director	February 13, 2019
Mr. Masakazu Yoshimura	Director	February 13, 2019
Ms. Asha Sampath	Independent Director	May 27, 2017
Mr. Ashok Rao Baswa	Independent Director	August 19, 2019
Mr. Norimasa Ogawa	Chief Financial Officer	February 22, 2018
Mr. Nithya Prabhu R	Company Secretary	February 27, 2020

The Board places on record its appreciation for the valuable service and guidance provided by Ms. Renu Lata Rajani, Mr. Tomohei Matsushita and Ms. Reena Mary during their tenure.

Mr. Masakazu Yoshimura, retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment will form part of the Notice.

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

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Narayanaswamy Raja, Managing Director Chief Executive Officer, Mr. Norimasa Ogawa, Chief Financial Officer and Mr. R Nithya Prabhu, Company Secretary.

<u>Board and Committee Meetings held during the Financial Year:</u>

Board Meetings	May 28, 2019, August 19, 2018, November 14, 2019, December 18, 2019, and February 25, 2020
Audit Committee meetings	May 28, 2019, August 19, 2018, November 14, 2019, December 18, 2019 and February 25, 2020
Nomination & Remuneration Committee Meetings	May 28, 2019, August 19, 2018, December 18, 2019 and February 25, 2020
CSR Committee Meetings	May 28, 2019, August 19, 2018 and November 14, 2019

IT Strategy Committee Meetings	May 28, 2019, August 19, 2018, November 14, 2019 and February 25, 2020

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, 2020 is as under:

Directors	BOD	Audit Committee	Nomination & remuneration Committee	Corporate Social Responsibility Committee	IT Strategy Committee
Narayanaswamy Raja (MD & CEO)	✓	×	×	✓ (Chairman)	✓
Manabu Ueno (Whole time Director)	✓	×	×	✓	x
Masakazu Yoshimura (Non-executive Director)	✓	✓	✓ (Chairman)	×	×
Hao Quoc Tien (Non-executive Director)	✓	×	×	×	×
Asha Sampath (Independent Director)	✓	✓ (Chairman)	✓	✓	×
Ashok Rao Baswa (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 was adequate and operating effectively.

Details of Appointment of Women Director:

As per Section 149(1) of the Companies Act, 2013 your Company has Ms. Asha Sampath as independent director on the Board.

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

Ms. Asha Sampath and Mr. Ashok Rao Baswa 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. There has been no change in the circumstances affecting their status as independent directors of the Company.

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 -2** 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- 2** forming part of this Report.

Annual Return:

Pursuant to Section 92(3) and Section 134(3)(a), extract of the annual return as on March 31, 2020 in form MGT-9 is enclosed as **Annexure-3** to this report. Additionally, your Company has also placed a copy of annual return for the financial year 2018-19 on its website 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.

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

B) Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings (INR in Millions)	Foreign Exchange Outgo (INR in Millions)
NIL	169.26

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. Narayanaswamy Raja, Mr. Manabu Ueno and Ms. Asha Sampath. The Company has framed a CSR Policy in compliance with the guidelines of Companies Act, 2013.

An amount of Rs. 20,672,000 (Rupees Twenty Million Six Hundred and Seventy-Two Thousand only) was budgeted towards CSR activities in terms of the legal requirement. The Company has spent Rs. Rs. 20,671,451/- 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 Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

Details of Vigil Mechanism:

Your Company has framed and implemented a Whistle Blower Policy and Anti Bribery Policy. Your Company continues to conduct regular workshops and training sessions to inform and educate the employees about these policies. During the year 2019-20 no incident was reported under these Policies.

Statutory Auditors:

M/s. BSR & 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 2019-20 and have provided their report in form MR- 3, which is annexed to the report as **Annexure - 5**. There are no adverse 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**
-Sd- **Narayanaswamy Raja** **Managing Director & CEO** **Date: June 25, 2020** **Place: Bangalore**	***-Sd-*** **Manabu Ueno** **Whole Time Director** **Date: June 25, 2020** **Place: Japan**

ANNEXURE- 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Inventory 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, Toyota Edge etc., along with Classic finance. These products are distinctive, the Company expects them to grow in future. In FY 19-20 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 most of the loan credit appraisal process within 5 hours and are looking to reduce the TAT further by using automation in the process. 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 20, the company is present at 182 outlets which accounts for around 80% of overall Toyota sales in India. The company disbursed 23,279 contracts for Toyota new cars in FY'20, which is 24.5% of Toyota sales in the coverage area. As of March 20, the company maintains more than 98,000 live contracts in its new car auto loan portfolio. The Company also provides used car finance to customers through Toyota U Trust channel present at 91 dealer outlets. In FY'20, the Company disbursed 1,414 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 101 contracts for Lexus new cars which was 19% of Lexus Sales.

The Company also offers Inventory funding and term loan to Toyota dealers for supporting their finance requirements. In addition to loan facilities to purchase new car, used car and spare parts, the Company also finances dealers for Dealership facility expansion. Currently the Company is providing dealer finance to 54 dealers and total book size is 13,160 million as of March 20.

The balance of loans and advances as of March 2020 was INR 68,728 million (previous year INR 74,348 million), decreased by 7.56% from the previous year.

The revenue from operation, of which main streams are interest income and fee income, was 7,197 million vis-à-vis 6,997 million in previous year, while finance cost was at 4,575 million vis-à-vis 4,462 million in previous year. Operational expenses (employee benefits, depreciation and amortization, and others) were at 3,329 million vis-à-vis 2,117 million in previous year.

In FY19-20 the Profit (Loss) Before Tax was at (554) million vis-à-vis a Profit Before Tax of 549 million in previous year, while the Profit (Loss) After Tax was at (497) million vis-à-vis Profit After Tax of 358 million in previous year. During FY 19-20 Company incurred losses mainly due to higher credit cost. The Company made additional provision for credit losses on its loan portfolio against the impact of COVID-19 by the way of management overlays of Rs.827 million.

Portfolio Quality:

As of March 2020, the company's gross NPA ratio vs. overall outstanding loan principal was 2.38% vis-à-vis 2.21% in previous year. After netting off with credit loss provisions, net NPA ratio was 0.82% vis-à-vis 0.98% 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.

Business Operations:

The Company has been monitoring the COVID-19 situation very carefully both from Business Continuity as well as Employee Safety perspectives. The Company had tested its Business Continuity (BCP) and IT Disaster Recovery (DR) capabilities periodically to ensure smooth working of operations whenever required. These preparations helped the company in the time of lockdown. Leveraging the technology capabilities, the company was able to successfully invoke full BCP and enforce complete Work From Home (WFH) for employees in alignment with the direction of government. Keeping in mind employee Health & Safety in mind, all employees are made aware of the guidelines and SOPs to follow in terms of personal hygiene, undertook travel restrictions, virtual meetings etc. as some of the initiatives.

Hence the company is in a position to continue its business operations even under further extended lockdown if any.

Business Environment:

After a growth of 3.3% in FY18 and 3% in FY19, world economic growth slowed to 2.4% in FY20. The earlier half of FY20 was highlighted by the continuing trade tensions between US and China, shift towards accommodative monetary policy by major Central Banks, rising geo-political tensions (particularly in Middle East) and weakening growth across Emerging Market economies (particularly India, Mexico & South Africa). Consumer price inflation remained muted across Advanced economies as well as most Emerging Market economies amid more subdued activity.

CY2020 saw the world economy racing to the deepest global recession since the Great Depression of 1929, as the COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions across the globe. The World Bank Global Economic Prospects (Jun 20) has forecasted 5.2% global GDP contraction in FY21, followed by a recovery of 4.2% in

FY22, however this is contingent upon the outbreak remaining controlled, a medical solution being discovered by 2020 and the world adopting normalcy by late 2020 / early 2021. Advanced economies are projected to shrink by 7 percent & Emerging Market economies are projected to shrink by 2.5% in 2020 as per World Bank estimates.

The scope and speed of this downturn are without modern precedent, significantly worse than any recession since World War II", as quoted by Jerome Powell, Chairman of US Federal Reserve.
Many countries have provided large-scale fiscal support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets, fiscal policy support announced already far exceeds that enacted during the 2008-09 global financial crisis. Central banks in Advanced economies as well as Emerging Market economies have reduced policy rates in a synchronized manner, and taken other far-reaching steps to provide liquidity, attempt to contain the recessionary conditions and to maintain investor confidence.

COVID-19 pandemic and the measures deployed to contain its spread— quarantines, travel restrictions, shutdowns of non-essential activities—have caused severe collapse in oil demand and a surge in oil inventories globally. Commodity exporting Emerging Market economies are expected to contract by 4.8% in FY21, as per World Bank estimates.

Financial markets witnessed heightened risk aversion and flight to safety as the economic consequences of widespread measures to contain COVID-19 became apparent. Emerging Market economies have seen large capital outflows, rise in sovereign borrowing spreads and financial conditions remain fragile even post the record monetary stimulus injected by the large global Central Banks.

Indian Economy:

FY20 was a difficult year for the Indian economy, notwithstanding the COVID-19 impact. The Fiscal year started off on a positive note when the incumbent NDA government was re-elected, hence promising continuity of economic policy and reform measures. Inflation remained benign - lower than RBI target of 4% upto H1 FY20 – RBI took an accommodative Monetary Policy stance and reduced Repo Rate progressively, from 6% in Apr 2019 to 5.15% upto mid-Mar 2020. India continued to improve on the Ease of Doing Business ranking, taking 63 for FY2019, an improvement of 14 ranks over CY2018. India remained among economies with the most notable improvement in Ease of Doing Business for 3 consecutive years. In order to boost FDI, export competitiveness and Make in India initiative, Govt. reduced corporate tax to 25.17%.

GDP growth however, reduced progressively from 5.7% in Q4 FY19 to 3.1% in Q4 FY20. Demand slowdown was seen even prior to March 2020, and private / corporate investment growth remained negative since Q2 FY20. Financial sector vulnerabilities remained, with the NBFC sector continuing to remain under pressure for general risk aversion and liquidity concerns. INR remained vulnerable to impact of US-China trade conflicts. Inflation started to rise since Oct 2019, driven mainly by rise in food inflation resulting from due to disrupted Agri-output. Central govt. had to increase Fiscal Deficit target for FY20 to 3.8% (from earlier 3.3%) once again, since increased Govt. spending was essential to support the economic slowdown.

For FY21, Indian economy is set to experience the first recession since 1980, as the impact of COVID-19 dealt both supply and demand shocks to the already slowing economy. In an attempt to contain the mass-scale breakout of the pandemic, India govt. imposed one of the most stringent lockdown measures (as defined by Oxford COVID-19 Government Response tracker) since end of March and the re-start programme was initiated only by June on a national scale. This resulted in widespread labor displacements, shutdown on factories & disrupted supply chains. On the demand side, this also led to widespread income / employment losses, leading to sharp collapse in aggregate demand and lost consumer confidence. In an attempt to counter the economic slowdown, RBI reduced Repo rate by 115 bps to 4% within May 2020 and also announced multiple other policy measures, including moratorium on interest on loans for 6 months (upto Aug 2020) for customers impacted by COVID-19, as well as liquidity measures, including a Targeted LTRO programme to revive the corporate bond markets in India. The Central government, already burdened with a relatively weak fiscal position, also announced various fiscal measures of INR 20 trillion – including measures such as liquidity to MSME and NBFC sector, greater allocation to social schemes like MNREGA, direct benefit transfers to lower economy citizens and free food-grain supply to poor - however the actual cash impact of the stimulus is expected to be lower.

Indian GDP is likely to contract by 3% - 5% in FY21, as per reports published by leading supra-national bodies and global rating agencies, however post which a recovery of approximately 7.5% - 9.5% is expected by FY22. The few silver linings in this grim economic scenario is expected to come from the external sector, where India is expected to have a current account surplus for FY21 as a result of the sharp reduction in crude oil prices, as well as from the farm sector, where the prospects of a normal monsoon and govt policy responses – including income support through PM Kisan and agri-marketing reforms and de-regulation of select agri-commodity pricing – is likely to support the otherwise-contracting GDP.

Auto Sector:

COVID-19 pandemic is expected to significantly slow down the automotive sector globally. It is projected by research firms and industry experts that global vehicle sales may decline by 10.2% in 2020 and production decline by 11.5% as a result of lockdown measures and supply chain disruption. Lower / deferment of discretionary spend by customers amid COVID-19 outbreak is expected to reduce auto sales.

In April – March 20, the industry manufactured 26.4 million vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle as against 30.9 million in April – March 2019 with the decline of (-) 14.73%. The April – November period of FY'20 saw a steep fall in the production. The overall automobile sales reported the sharpest decline of 13.2% year – on – year in/ during the last five years.

The industry was faced with multiple challenges-the implementation of new safety norms, higher insurance costs, higher ownership Costs and the liquidity crisis in the NBFC sector. Further the dynamic landscape of the industry demanded a reduced turnaround time and increased load carrying capacity for Commercial Vehicles. Coupled together these factors were responsible for higher inventories and the slow movement in the sales segment.

Sub-sectors contribution to the overall market in 2019-20 has marked a significant decrease:

- **Two-Wheeler**: 81% (174 lakhs sold against 211 lakhs in 2018-19; down by -17.8%)
- **Passenger Vehicle**: 13% (27, lakhs sold against 33 lakhs in 2018–19; down by -17.8%)
- **Three- Wheeler**: 3% (6.3 lakhs sold against seven lakhs in 2018–19, down by -9.2%)
- **Commercial Vehicles**: 3% (7.1 lakhs sold against 10,00,00 in 2018 –19; down by -28.8%)

Exports have been a silver lining in overall situation. Continuing with the 14.5% year on year growth trend in automobile exports, the April – December 2019 term alone witnessed an overall increase in exports by 3.9%.The exports from India experienced a flat growth of 0.2% in the financial year 20 19–20 as compared to the financial year 2018–19.

In FY 20-21 we are witnessing an unprecedented crisis of **Coronavirus outbreak** which would further impact the automotive industry. A prolonged truncation of consumer demand due to the lockdown is seen significantly affecting auto manufacturers (OEMs) revenues and cash flows.

Government initiatives:

- The government aims to develop India as a global manufacturing centre and an R&D hub.
- 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.
- 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. The scheme is expected to incentivize electrification of the public-transport fleet of buses and taxis, as well as facilitate demand for all types of alternative fuel. The 36th GST Council Meeting held on Saturday recommended a reduction of GST rate on all electric vehicles from 12 per cent to 5 per cent. Also, the GST rate on the charger/ charging stations for Electric vehicles be reduced from 18 per cent to 5 per cent.

NBFC and Auto Finance Sector:

Indian NBFC sector was struggling due to risk aversion from investor post the defaults by large AAA rated NBFCs from second half of FY 19 and continues to remain a concern. This has also kept the cost of liquidity high for the last 1 ½ years. COVID-19 has led to a further blow to the sector because of slowing growth, credit quality, liquidity.

RBI announced a scheme of moratorium for customer for 3 months from March'20 which was further extended by 3 months till August'20. These RBI directions expected NBFCs to extend moratorium to its customer however, the scheme lacked clarity on availability of moratorium to NBFCs from its lenders/ investors. This has led to cashflow mismatches with the NBFCs and moratorium to the sector at the discretion and negotiation with lenders. The Company decided to extend the moratorium scheme to its customers and at the same time did not avail moratorium any of its lenders/ investors.

Although NBFCs are facing liquidity challenges they remain preferred choice for new credit customers. Banks currently hold 53% share in auto finance portfolio while NBFCs account for the rest. NBFCs 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. 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 constitutes 34 per cent of the overall NBFC vehicle finance portfolio.

The company's strong fundamentals driven by 1) Strong Credit Infrastructure; 2) Product variants and new segments; 3) Used Car Financing , provide a significant foundation to the market. However, the challenge faced by auto financiers- portfolio profitability- still remains. 2019 also witnessed liquidity crisis faced by NBFCs due to overall situation affected by 2 leading NBFCs

For FY 20-21, the focus will be on new acquisitions and managing existing portfolio quality in the wake of moratorium granted to large number of customers. The slow pace of economic recovery post COVID-19 lock-down would put further pressure on portfolio expansion and effectively managing credit costs. As a long- term view, 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.

Collections:

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

The DSMG strategy team has been elementary in building up and setting new processes which have contributed to a remarkable reduction in delinquency over the last few years. 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 to respective stake holders
4. Introduction of new age and online payment collection options, such as Paytm, Airtel Payments Bank, etc.
5. Auction of the repossessed assets within the permissible legal guidelines to recover the loss incurred by the company
6. Initiating legal actions wherever applicable to enhance productivity
7. Overall compliance and audit requirements for managing collection processes

Due to the current covid-19 situation across the country, there has been challenges in the past month in terms of managing delinquency and the collection related constrains are likely to result in higher credit cost. The Company is closely monitoring and deepening its collection infrastructure to control its credit costs.

Borrowings:

In FY 19-20, the company rebalanced the borrowing mix to increase proportion of offshore financing through External Commercial Borrowing (ECB) route, in light of relatively tight liquidity in Debt Capital Market for NBFC issuances (post the default of few large high-rated NBFCs), in order to support the business competitively and ensure funding stability & availability of funding liquidity through diversification of borrowing sources. Your company successfully started fund-raising through foreign currency External Commercial Borrowing (ECB) loans ('FX ECB Loans'), on a fully hedged basis, in an attempt to further diversify funding sources. Your company continues to maintain strong relationship with various banks to mitigate liquidity risk. RBI, in November 2019, introduced a new Liquidity Risk Management Framework for NBFCs, in order to strengthen and raise the standard of the ALM framework applicable for NBFCs. Your Company continues to maintain a conservative approach and foremost importance to liquidity risk management. Your Company maintained unutilized bank facilities of INR 32,546 million and bank deposits amounting to INR 5,310 million as liquidity buffer for any unexpected liquidity shocks. Your Company has continued to enjoy a liquidity indicator of "Superior / Strong" from both CRISIL Limited and ICRA Limited, since SEBI mandated credit rating agencies to disclose liquidity indicators of rated Companies.

The Company's borrowing portfolio as of March 2020 consists of 28% by domestic Non-convertible Debentures, 3% by Commercial Papers, 32% by bank loans, 5% by INR External Commercial Borrowing (INR ECB Loan), 12% by INR Denominated Offshore Bonds ('Masala Bonds') and 20% by foreign currency denominated External Commercial Borrowing (FX ECB Loans) on a fully hedged basis. The company continues to maintain appropriate mix of long- and short-term borrowings for healthy asset liability position.

Risk Management:

There are various types of risks that 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".

As mandated by RBI, in order to ensure highest standards of Risk management the company had appointed Chief Risk Officer (CRO) during the year, with clearly specified roles and responsibilities.

Internal Financial 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 FY20, the company’s IT systems remained stable, supporting business transactions effectively with 99.8% availability maintained throughout the business hours.

The company commenced its digital journey through the pilot launch of DIGI platform to transform the customer onboarding experience making it simpler and faster. Full-fledged roll out was completed in Q2 FY20. DIGI platform’s ‘Mobility’ and ‘Workflow’ capabilities have enhanced employee productivity and helped reduce ‘First Credit Decision Turnaround Time’. This platform has also enabled the company to launch digital products like TATKAL (fast, straight through approval product) to enhance customer experience and convenience. Further, the company plans to introduce new capabilities like score cards and e-documents to provide ‘Best-In-Class’ customer experience.

The company has effectively integrated ‘Artificial Intelligence’ for predictive behavior patterns of delinquent customers on the collection platform, which along with enhancing effectiveness of our collection strategy has also led to improved productivity.

To enhance operational efficiency, the company has successfully set up a platform to enable seamless and secured integration with banks to automate ‘Payments Process’. The company is in process of automating its Treasury related process’s.

With ‘Toyota Production System’ [TPS] principles as guiding light, the company has implemented ‘Robotic Process Automation’ [RPA] to further enhance operational efficiency across the organization to achieve lean operation. The company has implemented Bots to automate 6 key processes within retail operations. The company also intends to setup internal capability of RPA to leverage this technology and be able to automate other suitable processes.

In alignment with RBI requirements, the company has completed annual IT Risk Assessments, Business Impact Analysis, Vulnerability Assessments and Penetration testing activities. The company has tested its Business Continuity Planning including IT Disaster Recovery where in, all critical technology systems were assessed / tested, and continuity of business assured in case of any disaster scenario in alignment with the recovery objectives.

The company has also enhanced its capability to identify, detect and respond to cyber security incidents through the implementation of SIEM (Security Information and Event Management) and Security Operations Centre. The company successfully tested its capabilities to respond to cyber security incidents through “Security Incident Response Drill” ensuring adequate response measures are in place in case of any information / cyber security incidents. The company has also implemented capabilities to classify documents based on confidentiality enhancing its posture towards Data Protection. The company continued its focus on building strong awareness among employees towards the importance of information / cyber security through phishing and online / offline awareness sessions including board members.

The company initiated the Digital Workplace Project – in which all IT systems were migrated and upgraded to the latest Microsoft Platform (Microsoft 365). This solution has helped all employees and partners to effectively collaborate and communicate through “Teams”, share documents securely through “OneDrive” and access information securely from anywhere. The COVID-19 lockdown gave us an opportunity to test the capability of working from home as part of Digital Workplace initiatives. Employees were equipped with adequate tools and technology to adapt to the work from home environment before the nation-wide lockdown which ensured all possible business as usual activities continue to progress through effective collaboration.

The company has initiated development of Systems to have future ready technology/IT systems for the mobility solutions business – KINTO in line with the overall organization strategy. The company, in coming years would be going Digital with primary areas of focus being digital customer journey, new business models and digital operations all of which would mainly be driven by technology.

Human Resources:

The Company steadily progresses towards developing an agile workforce that will build a sustainable organization for the future.

Your company continues to build a strong foundation based on the principles of 'Toyota Way' and TFS values. In this regard we have aligned to the global direction and launched the “Toyota Way of Working” model to transform employees into “Toyota Professionals”

- People Development: We continues to drive our focus on “People Development” initiatives towards ensuring all-round development of employees, analyzing the training needs through a detailed Training Need identification process and finalizing the Training calendar, covering 70% Managers on Toyota Best Practice (TBP) training, respective functional needs, and behavioral / soft skill needs of the employees.
- Additionally, we also focused on reinforcing the On the Job Development (OJD) concepts to our middle management professionals with a refresher program to those who attended the training in the past, and an introductory session for those who joined us recently.
- We have continued to implementation of activities of TPS learning, taking individual and group projects, studying the feasibility and further application
- We also have focused on bringing “Built-in-Quality” through Ji-Kotei-Kanketsu (JKK) training to a set of Managers, so as to strengthen the culture of Quality for customers across

This year, we collaborated with the Credit & Operations team and supported them to centralize operations in Bangalore, with an objective to have our employees move to Bangalore, yet many opted out.

We supported employees in the transition by offering an incentive for early relocation, and for those who chose not to relocate we ensured they had sufficient time (6 months from the date of announcement in May) for their transition, we partnered with an outplacement firm, provided internal opportunities in Sales, Gratuity payments in November in case they completed the gratuity requirements by 31st March 2020. Those who didn't land job offers by November were provided with a 3 months' Notice pay.

This project led to a rationalization of Credit & Operations resources by 32 HC Numbers. The Delhi office has been closed, and the Sales & DSMG teams have been co-located at TKM office.

We ended FY 20 with a head count of 389. The average age of employees stood at 35.8 years, with gender diversity of 9.7% (% of women workforce). A total of 89 new members joined the Toyota family in the last year to balance out a higher attrition rate of 27.7% (14.4% excluding Delhi exits)

Two major focus areas for our Employee engagement efforts for employees at the workplace this year were:

- We launched ***UNNATI*** (Unravel Nature – Nurture Aspirations – Take Initiatives) our inhouse career development program to coach our talent in building a career development plan for themselves, monitor progress, and provide growth opportunities within the organization aligned to their career aspirations. We covered 29 of our Middle Management employees through this intervention.
- ***Digital Workplace*** – We collaborated with Information Technology team in charting out the Digital Transformation journey for our organization by effectively adopting the Office 365 suite tools. The adoption focused on showcasing benefits, creating awareness, training, and implementing live projects in each department. These tools not only bridged the divide between the corporate office and field employees but also improved efficiency of employees by eliminating duplication of work in many aspects.

Despite our efforts, we witnessed a dip in the total favorable engagement score to 84% in the annual Employee Engagement Survey (conducted with the help of Willis Towers Watson). Your company aims to improve these scores to 90% by analyzing the drop and taking appropriate actions.

We continue our committed efforts towards the community by means of our Corporate Social Responsibility (CSR) program with active involvement from employees. This year also our focus continued with education and special education for underprivileged children. Towards which we have constructed a government school building in the rural outskirts of Bangalore, at Mankunda village, Channapatna Taluk, Ramanagar District, providing good infrastructure, hygienic toilets, books and school bags and kitchen equipment's and utensils. Our objective is to attract more children towards to school, so that the education level will grow in the rural areas. We also have built an "Anganawadi" (Child creche) in a rural village and a set of toilets in another underprivileged school. By doing all these activities, our objective is build a good community and society. Towards building life science in the street children, we have associated with a Delhi based NGO named "Kutumb" foundation and partnered in a program called "Goal of Life". The "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 underprivileged students in 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 facing the challenges during and post the COVID-19 pandemic; it recognizes the criticality to wait out this storm, and continue our efforts to build a strong leadership pipeline of Toyota professionals nurtured by the Toyota Way of Working, to build an agile and sustainable organization.

ANNEXURE-2

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

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

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including, if any	Date(s) of approval by the Board,
Toyota Kirloskar Motor Private Limited (TKM), Common Directors and Group Company	Intragroup Services of Economic and Commercial Value	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.	Board Approval – May 28, 2019
		Reimbursement concerning sales return	
		To purchase cars for leasing business through dealers	Board Approval – August 19, 2019
		Noting of Incentive received in the form of reimbursement from TKM as part of Car Sales support	
		Residual Value Risk Sharing for KINTO- leasing business on 50% cost sharing basis	Board Approval – November 14, 2019
		Marketing and Promotion Cost Sharing for KINTO- leasing business	

		on 50% cost sharing basis	
		Arrangement to offer sale of Toyota Cars to Zoom Car India Private Limited in order to promote sales, TKM has approached TFSIN, seeking to offer finance facilities to Zoom Car India	
		Assignment of Mr. Narayanaswamy Raja, employee of Toyota Kirloskar Motors Private Limited to Toyota Financial Services India Limited	Board Approval – December 18, 2019
		Assignment of Employees (3 Nos.) of Toyota Financial Services India Limited to Toyota Kirloskar Motors Private Limited	
		Sub-Lease Arrangement in Delhi office for usage of upto maximum of 10 workstations.	
		Assignment of one employee of Toyota Financial Services India Limited to Toyota Kirloskar Motors Private Limited	Board Approval – February 25, 2020
TT Network Integration India Pvt. Ltd. Group Company		To avail Microsoft M365Fforeign License subscription service	Board Approval – August 19, 2019
Toyota Motor Credit Corporation Group Company		To purchase IT Software licenses	Board Approval – August 19, 2019
Toyota Motor Asia Pacific Private Limited Group Company		To avail Infrastructure & Software Services for KINTO – leasing business	Board Approval – February 25, 2020

ANNEXURE-3

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/Subcategory 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. Narayanaswamy Raja, Managing Director & CEO:

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	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): **Transfer of Share**	0	0%	0	0%
At the End of the year	1	0%	1	0%

b) Mr. Manabu Ueno, Whole Time Director:

For Mr. Manabu Ueno	**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 /	1	0%	1	0%

bonus/ sweat equity etc):				
At the End of the year	1	0%	1	0%

c) 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 Promoter 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) 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 Promoter 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%

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	1	0%	1	0%
Date wise Increase / Decrease Promoters Shareholding during year specifying the reasons increase / decrease (e.g. allotment transfer / bonus/ sweat equity etc): **Transfer of Share**	0	0%	0	0%
At the End of the year	1	0%	1	0%

The rest of the Directors i.e. Ms. Asha Sampath and Mr. Ashok Rao Baswa 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	16,900	1000000	16,900,000,000
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			44,710,711,601
Deposit			0
Total	16,900	1000000	61,610,711,601

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	29,900,000,000	1,500,000,000	14,500,000,000	16,900,000,000
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 Series 1	355	10,00,000	3,550,000,000	9,945,009	3,530,478,177

Masala Bond Series 2	350	10,00,000	3,500,000,000	9,986,080	3,495,127,927
Commercial Papers	2,000	5,00,000	1,000,000,000	482,403	964,805,288
Commercial Papers	2,000	5,00,000	1,000,000,000	486,357	972,714,078
Total	4,705		9,050,000,000		8,963,125,470

XV. **Remuneration of Directors and Key Managerial Personnel**

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

(Rs. Million)

Sl. No	Particulars of Remuneration	Name of MD/ WTD/ Manager		
		Mr. Tomohei Matsushita*	Mr. Narayanaswamy Raja**	Mr. Manabu Ueno**
		Managing Director and CEO		Whole-time Director
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	19.04	4.77	4.76
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify…	0	0	0
5	Others, please specify	0	0	0
	Total (A)	19.04	4.77	4.76

*Resigned effective 31st December 2019
**Appointed effective 1st January 2020

B. Remuneration to other directors:

I. Non - Executive directors: NIL

II. Independent directors:

(Rs. Million)

Sl. No	Particulars of Remuneration	Independent Directors		
		Renu Rajani*	Asha Sampath	Ashok Rao Baswa**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify…	0	0	0
5	Others, please specify ***Sitting fee	0.10	0.50	0.40
	Total	0.10	**0.50**	0.40

*Ceased to be director effective 19th August 2019 upon completion of term as Independent director.
**Appointed effective 19th August 2019.
***Sitting fee of Rs. 1 lakh paid for each Board meeting attended by independent directors during FY 19-20.

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

(Rs. Million)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Norimasa Ogawa Chief Financial Officer	Ms. Reena Mary* Company Secretary	Mr. Nithya Prabhu. R** Company Secretary
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	23.28	1.40	0.33
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total (A)	23.28	1.40	0.33

*Resigned effective 26th February 2020
**Appointed effective 27th February 2020

XVI. **Penalties / Punishment/ Compounding of Offences**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020, except for the order passed by Reserve Bank of India dated 19th October 2019, levying a penalty of INR 5,00,000 under the provisions of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

For **Toyota Financial Services India Limited**	For **Toyota Financials Service India Limited**
-Sd- Narayanaswamy Raja Managing Director & CEO Date: June 25, 2020 Place: Bangalore	-Sd- Manabu Ueno Whole Time Director Date: June 25, 2020 Place: Japan

ANNEXURE-4

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FY 19-20

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: Rs. **945,492,425/-**

4. Prescribed CSR Expenditure (two percent (2%) of the amount as in item 3 (above): **18,909,849/-**

5. Details of CSR spend for the financial year: 2019-20
   a. Total amount spent for the financial year: Rs. **20,671,451/-**
   b. Amount unspent, if any: NA
   c. Manner in which the amount spent during the financial year is detailed below:

#	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
1	Construction of Model school building , wash rooms and other facilities for under privileged Govt school	1. Rural Area development 2. Promiting education & educational activities at rural area	Govt Higher Primary School, Mankunda village, Channapatna Taluk, Ramanagar District	11,000,000	10,330,324

2	Construction of infrastructure - building, Wash rooms and other facilities for Anaganawadi - Shishu kendra	3. Sanitation and cleanliness	Govt Higher Primary school, Kenchanakuppe village, Bidadi Hobli, Ramanagaram Dist, Karnataka	1,350,000	2,004,822
3	Construction of Wash rooms with facilities		Sai Krushna Charitable Trust, Hosadoddi, Kanakapura Road,	1,350,000	1,874,288
4	Improvements / Maintenance of existing school building		Existing schools at Kenchanakuppe & Annahally	500,000	816,029
5	Providing books, bags to children and kitchen items		Existing schools at Kenchanakuppe, Annahally and Mankunda school	400,000	496,342
6	Goal of Life- Skill development, behaviour change, life science education of under privileged children	Promoting education, promoting gender equality and training to promote natioanally recognized sports	Kotla Mubackpur, Khan market, Nizamuddin, Gherva of Delhi	3,500,000	3,500,000
7	Support for Mid-day meal for under privileged students, procurement of utensils	Eradicating hunger, poverty and malnutrition and promoting education	Bangalore and adjoining schools, Rural part of Karnataka	2,500,000	1,500,000
8	Prime Minister's National Relief fund	Prime Minister's National Relief fund		72,000	149,646
				20,672,000	**20,671,451**

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report – NA.

7. CSR Committee states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For **Toyota Financial Services India Limited**	For **Toyota Financials Service India Limited**
Sd/- **Narayanaswamy Raja** **Managing Director & CEO** **Date: June 25, 2020** **Place: Bangalore**	**Sd/-** **Asha Sampath** **Chairperson, CSR Committee** **Date: June 25, 2020** **Place: Bangalore**

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, 2020

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and 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 conduct/statutory compliances and expressing our 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, 2020 (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 and External Commercial Borrowings; the Company has not made any Overseas Direct Investment during the audit period.

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

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

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not Applicable to the Company during the Audit Period)**;

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, 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 compliance with the applicable clauses of the following:

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

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

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

We further that :

a. The Company should have filed 2 e-forms MGT-14 within 30 days i.e. on or before 13th December 2019 and 16thJanuary 2020 respectively. However, the Company has filed both the forms on 23rd June 2020.

b. The Reserve Bank of India has passed an order dated 19th October 2019, levying a penalty of INR 5,00,000 under the provisions of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

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.

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

The following events/actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

a. During the year under review Mr. Narayanaswamy Raja, who was originally appointed as Additional Director was promoted as Managing Director with effect from 01/01/2020 in place of Mr. Tomohei Matsushita who had resigned the office with effect from 31/12/2019.

b. The following securities were issued :-

    (i) 350 fully paid Unsecured, Unrated, Unlisted, Redeemable, Non-Convertible Rupee Denominated Offshore Bonds having face value of INR. 10,000,000/-(Rupees Ten Million only) each, amounting to INR. 3,500,000,000/-(Rupees Three Billion and Five Hundred Million only) was allotted on private placement basis.

    (ii) 1,500 fully paid Secured, Rated, Listed, Redeemable, Non-Convertible Debentures having the face value of INR 1,000,000/-(Rupees One Million only) each amounting to INR 1,500,000,000/-(Rupees One Billion and Five Hundred Million only) was allotted on private placement basis.

    (iii) The Company has also issued the fresh short term Commercial Papers amounting to INR 9,250,000,000/-(Rupees Nine Billion and Two Hundred Fifty Million only).

c. The following securities were redeemed: -

    (i) 14,500 fully paid Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of INR 1,000,000/-(Rupees One Million only) each amounting to INR 14,500,000,000/-(Rupees Fourteen Billion and Five Hundred Million only).

d. The Company has also redeemed the short-term Commercial Papers amounting to INR 15,150,000,000/- (Rupees Fifteen Billion and One Hundred Fifty Million only).

For **V. SREEDHARAN & ASSOCIATES**

Sd/-

(Devika Sathyanarayana)
Partner
ACS: 16617; CP No.17024
Place: Bengaluru
Date: 23/06/2020
UDIN: A016617B000369631

B S R & Associates LLP

Chartered Accountants

Embassy Golf Links Business Park
Pebble Beach, B Block, 3rd Floor
Off Intermediate Ring Road
Bengaluru 560 071 India

Telephone +91 80 4682 3000
Fax +91 80 4682 3999

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 2020, 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 2020, and loss 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 on the financial statements.

Emphasis of matter

As described in Note 44 to the financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB - 8182) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalakshmi
Mumbai 400 011

Independent Auditor's Report (continued)
Toyota Financial Services India Limited

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.

<table>
<tr><td colspan="2">Impairment of loans and advances to customers

Charge: INR 1,202.20 Million for year ended 31 March 2020
Provision: INR 2,419.30 Million as at 31 March 2020</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note [2(iiic)] to the Financial Statements: Impairment", "Note [1.5(i)] to the Financial Statements: Significant Accounting Policies- use of estimates" and "Note [6] to the Financial Statements: Loans and advances"</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant management judgement.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using 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
- Determination of exposure at default
- 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</td><td>Our key audit procedures included:

Design / controls

• Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice.

• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.

• Involve our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.

• Testing of management review controls over measurement of impairment allowances and disclosures in financial statements.

• Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

• Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.

• Testing the controls over 'Governance Framework' in line with the RBI guidance.</td></tr>
</table>

matter because the application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. *Impact of COVID-19* On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	**Substantive tests** • 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 testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, rating migration, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral. • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.

Independent Auditor's Report (continued)
Toyota Financial Services India Limited

Key audit matters (continued)

Information Technology ('IT') System and Control	
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, five systems namely System Applications and Products ('SAP'), Finnone, Digi, Indus and People works are key for its overall financial reporting Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis. 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 have 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. • Assessment of data security controls in the context of a large population of staff working from remote location at the year end.

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 and Board of Directors' 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/loss 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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.

Independent Auditor's Report (continued)
Toyota Financial Services India Limited

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

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 in the financial statements made by the management and Board of Directors.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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.

Independent Auditor's Report (continued)
Toyota Financial Services India Limited

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.

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 on its financial position in its financial statements - Refer Note 32 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;

   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 2020.

Independent Auditor's 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

Rohit Alexander
Partner
Membership No. 222515
UDIN:20222515AAAABB3475

Place: Bangalore
Date: 25 June 2020

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 2020, 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 reporting date. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the financial statements, the lease agreements are in the name of 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, and based on the audit procedures conducted by 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 are 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, the provisions of the Clause 3(v) of the Order are 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, the provisions of the Clause 3(vi) of the Order are not applicable to the Company.

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 *(Continued)*

(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 duty of customs and duty of excise.

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 2020, 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 in Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax and interest demanded	5.90 (1.18)*	AY 2017-2018	Commissioner of Income Tax (Appeals)

* The amounts in parenthesis represent the payment made under protest

(viii) In our opinion and 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, the money raised by way of 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 41, 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 we have 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.

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 *(Continued)*

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

(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, provisions of clause 3(xiv) of the Order are 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, provisions of clause 3(xv) of the Order are 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 and it has obtained the certificate of registration.

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

Rohit Alexander
Partner
Membership No. 222515
UDIN:20222515AAAABB3475

Place: Bangalore
Date: 25 June 2020

Toyota Financial Services India Limited

Annexure B to the Independent Auditors' report on the Financial Statements of Toyota Financial Services India Limited for the year ended 31 March 2020.

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 2020 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 2020, 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").

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the standalone financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the standalone financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

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").

Toyota Financial Services India Limited

Annexure B to the Independent Auditors' report on the Financial Statements of Toyota Financial Services India Limited for the year ended 31 March 2020 (continued)

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.

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.

Toyota Financial Services India Limited

Annexure B to the Independent Auditors' report on the Financial Statements of Toyota Financial Services India Limited for the year ended 31 March 2020 (continued)

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

Rohit Alexander
Partner
Membership No. 222515
UDIN: 20222515AAAABB3475

Place: Bangalore
Date: 25 June 2020

Toyota Financial Services India Limited
Balance sheet as at

(Amounts are in INR Million)

	Particulars	Notes	31 March 2020	31 March 2019
	ASSETS			
I	**Financial assets**			
(a)	Cash and cash equivalents	3	5,371.56	2,902.36
(b)	Derivative financial instruments	4	345.76	-
(c)	Trade receivables	5	5.06	27.89
(d)	Loans	6	68,771.44	74,348.11
(e)	Other financial assets	7	49.03	34.58
	Total financial assets		**74,542.85**	**77,312.94**
II	**Non-financial assets**			
(a)	Current tax assets (net)	8	264.58	172.89
(b)	Deferred tax assets (net)	9	596.07	274.56
(c)	Property, plant and equipment	10	132.00	103.19
(d)	Other intangible assets	11	44.20	46.50
(e)	Intangible assets under development	11	35.92	11.39
(f)	Right-of-use assets	12	93.45	-
(g)	Other non-financial assets	13	83.93	105.03
	Total non-financial assets		**1,250.15**	**713.56**
	Total Assets		**75,793.00**	**78,026.50**
	LIABILITIES AND EQUITY			
I	**Liabilities**			
I	**Financial liabilities**			
(a)	Trade payables	14	421.81	1,228.75
	(i) total outstanding dues of micro enterprises and small enterprises		0.15	0.21
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		421.66	1,228.54
(b)	Debt securities	15	26,404.12	41,631.30
(c)	Borrowings (other than debt securities)	16	35,206.59	21,010.37
(d)	Lease liabilities	17	100.49	-
(e)	Other financial liabilities	18	0.42	24.77
	Total financial liabilities		**62,133.43**	**63,895.19**
II	**Non-financial liabilities**			
(a)	Provisions	19	101.13	52.72
(b)	Other non-financial liabilities	20	38.32	54.04
	Total non-financial liabilities		**139.45**	**106.76**
II	**Equity**			
(a)	Equity share capital	21	9,579.73	9,579.73
(b)	Other equity	22	3,940.39	4,444.82
	Total equity		**13,520.12**	**14,024.55**
	Total Liabilities and Equity		**75,793.00**	**78,026.50**

Significant accounting policies 2
Notes to the financial statements 3 - 46
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

Rohit Alexander
Partner
Membership No 222515

Bangalore
25 June 2020

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

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Bangalore
25 June 2020

Manabu Ueno
Whole-time Director
DIN:08635145

Nagoya, Japan
25 June 2020

Norimasa Ogawa
Chief Financial Officer

Nagoya, Japan
25 June 2020

R Nithya Prabhu
Company Secretary
FCS: 9087

Bangalore
25 June 2020

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

(Amounts are in INR Million)

	Particulars	Notes	31 March 2020	31 March 2019
	Revenue from operations			
(i)	Interest income	23	6,851.70	6,687.44
(ii)	Rental income		32.13	9.33
(iii)	Fees and commision income		1.45	-
(iv)	Others	24	311.83	300.07
(I)	**Total Revenue from operations**		7,197.11	6,996.84
(II)	Other income	25	152.39	132.15
(III)	**Total Income (I+II)**		7,349.50	7,128.99
	Expenses			
(i)	Finance cost	26	4,575.43	4,462.17
(ii)	Net loss on fair value changes	27	356.15	-
(iii)	Impairment on financial instruments	28	1,791.92	1,028.45
(iv)	Employee benefit expenses	29	436.89	412.47
(v)	Depreciation, amortisation and impairment	10-12	109.49	30.42
(vi)	Other expenses	30	634.49	646.13
(IV)	**Total expenses**		7,904.37	6,579.64
(V)	Profit/(loss) before tax (III-IV)		(554.87)	549.35
(VI)	Tax expense			
	1. Current tax	9	259.77	134.50
	2. Deferred tax	9	(317.15)	56.63
	Total tax expense		(57.38)	191.13
(VII)	**Profit/(loss) for the year (V-VI)**		(497.49)	358.22
(VIII)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
i.	Remeasurements of the defined benefit plans		(0.53)	(0.15)
ii.	Income tax relating to items that will not be reclassified to profit or loss		0.13	0.05
	Other comprehensive income/(loss)		(0.40)	(0.10)
(IX)	**Total comprehensive income/(loss) for the year (VII+VIII)**		(497.89)	358.12
(X)	**Earnings for equity share**			
	Basic (INR)	31	(0.52)	0.37
	Diluted (INR)	31	(0.52)	0.37
	Face value per share (INR)		10.00	10.00
	Significant accounting policies	2		
	Notes to the financial statements	3 - 46		

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

Rohit Alexander
Partner
Membership No. 222515

Bangalore
25 June 2020

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

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Bangalore
25 June 2020

Manabu Ueno
Whole-time Director
DIN:08635145

Nagoya, Japan
25 June 2020

Norimasa Ogawa
Chief Financial Officer

Nagoya, Japan
25 June 2020

R Nithya Prabhu
Company Secretary
FCS: 9087
Bangalore
25 June 2020

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

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
A. Cash flow from operating activities		
Profit/(loss) for the year	(554 87)	549 35
Adjustments for :		
Depreciation, amortisation and impairment	109 49	30 42
Net loss on derecognition of property, plant and equipment	1 34	(0 97)
Net loss on fair value changes	356 15	-
Interest Income	(6,851 70)	(6,687 44)
Interest on lease liability	9 65	-
Interest on debt securities	2,676 60	3,233 18
Interest on borrowings (other than debt securities)	1,888 98	1,228 98
Impairment on financial instruments	1,202 20	(193 23)
Others	(2 81)	1 27
Operating profit before working capital changes	**(1,164.97)**	**(1,838.44)**
Changes in working capital :		
Increase / (decrease) in Trade payables	(806 95)	314 99
Increase / (decrease) in Other financial liabilities	-	37 98
Increase / (decrease) in Other non-financial liabilities	(15 72)	7 46
Increase / (decrease) in Provisions	47 88	3 35
(Increase) / decrease in Loans	4,472 24	(5,050 76)
(Increase) / decrease in Trade receivables	22 83	(3 95)
(Increase) / decrease in Other financial assets	(14 45)	(4 22)
(Increase) / decrease in Other non-financial assets	21 11	(51 81)
Interest Received	6,753 92	6,642 14
Interest paid on debt securities	(2,613 18)	(2,709 94)
Interest paid on borrowings (other than debt securities)	(1,752 29)	(1,167 89)
Net Cash generated from operations	**4,950.42**	**(3,821.09)**
Taxes paid (including tax deducted at source)	(351 46)	(265 99)
Net Cash generated from / (used in) operating activities	**4,598.96**	**(4,087.08)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(72 90)	(81 30)
Purchase of other intangible assets	(37 70)	(34 03)
Sale of property, plant and equipment	5 47	2 63
Net cash generated from / (used in) investing activities	**(105.13)**	**(112.70)**
C. Cash flow from financing activities		
Debt securities issued	14,359 41	17,525 06
Debt securities repaid	(29,650 00)	(21,900 00)
Borrowings other than debt securities issued	142,967 50	116,622 89
Borrowings other than debt securities repaid	(127,669 82)	(108,004 81)
Payment of lease Liability	(57 66)	-
Interest paid on Lease Liability	(9 65)	-
Net cash generated from / (used in) financing activities	**(60.22)**	**4,243.14**
Net Increases/(Decrease) in Cash and cash equivalents (A)+(B)+(C)	**4,433.61**	**43.36**
Cash and cash equivalents, beginning of the year	**854.95**	**811.59**
Cash and cash equivalents, end of the year	**5,288.56**	**854.95**

Notes to the statement of cash flow :

		31 March 2020	31 March 2019
1) Cash and cash equivalents comprise of			
Cash on hand	(refer note 3)	0 35	0 24
Balances with banks			
In current accounts	(refer note 3)	61 21	52 12
Demand deposits (less than 3 months maturity)	(refer note 3)	5,310 00	2,850 00
Book overdraft	(refer note 18)	(0 42)	(24 77)
Bank overdraft	(refer note 16)	(82 58)	(2,022 64)
TOTAL		**5,288.56**	**854.95**

B S R & Associates LLP

Toyota Financial Services India Limited Bangalore

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

Notes to the statement of cash flow (continued) :

2) Changes in liabilities arising from financing activities-

Particulars	Debt Securities	Borrowings	Lease Liabilities
Balance as at the beginning of the year	41,631.30	21,010.37	116.45
Cash Flows	(15,227.18)	13,494.32	(57.66)
Non Cash Changes-			
Acquisition	-	-	41.70
Foreign Exchange Movement	-	701.90	-
Balance as at the end of the year	**26,404.12**	**35,206.59**	**100.49**

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

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

4) Figures in bracket indicate cash outflow

Significant accounting policies	2
Notes to the financial statements	3 - 46

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

Rohit Alexander
Partner
Membership No. 222515

Bangalore
25 June 2020

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

植野学

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Bangalore
25 June 2020

Manabu Ueno
Whole-time Director
DIN:08635145

Nagoya, Japan
25 June 2020

Norimasa Ogawa
Chief Financial Officer

Nagoya, Japan
25 June 2020

R Nithya Prabhu
Company Secretary
FCS: 9087
Bangalore
25 June 2020

Toyota Financial Services India Limited
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2020

(Amounts are in INR Million)

(a) Equity share capital

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

Balance as at 01 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
9,579.73	-	9,579.73

(b) Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	Statutory Reserve	Securities Premium	Retained Earnings	Remeasurements of the defined benefit plans	
Balance as at 1 April, 2018	260.57	3,320.27	505.69	0.17	4,086.70
Profit or (loss) for the year	-	-	358.22	-	358.22
Other comprehensive income (net of taxes)	-	-	-	(0.10)	(0.10)
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
Impact of adoption of Ind AS 116 (Net of tax, Refer Note 34)	-	-	(6.54)	-	(6.54)
Profit or (loss) for the year	-	-	(497.49)	-	(497.49)
Other comprehensive income (net of taxes)	-	-	-	(0.40)	(0.40)
Balance as at 31 March 2020	332.21	3,320.27	288.24	(0.33)	3,940.39

Note 22 describes the purpose of each reserve within equity

Significant accounting policies	2
Notes to the financial statements	3 - 46

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

Rohit Alexander
Partner
Membership No. 222515

Bangalore
25 June 2020

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

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Bangalore
25 June 2020

植野学
Manabu Ueno
Whole-time Director
DIN:08635145

Nagoya, Japan
25 June 2020

Norimasa Ogawa
Chief Financial Officer

Nagoya, Japan
25 June 2020

R Nithya Prabhu
Company Secretary
FCS: 9087
Bangalore
25 June 2020

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 and guidelines issued by Reserve Bank of India for Non-Banking Finance Companies.

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

The Company has consistently applied accounting policies to all periods except Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation, and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated.

1.3 Functional and Presentation currency

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

1.4 Basis of measurement

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

i) Defined benefit obligation (Refer note 37).
ii) Financial Assets and Liabilities (Refer note 39).
iii) Derivative financial instruments (Refer note 4).

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

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

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

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

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

i. Expected credit loss 'ECL' on loans

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

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

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

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

ii. Fair value of financial instruments

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

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

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

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iv. Amortized cost of loans

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

v. Provisions

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

vi. Recognition of deferred tax assets

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

vii. Measurement of defined benefits obligation

The key actuarial assumptions in measurement of defined benefits obligation refer note 37.

viii. Uncertainty relating to COVID-19 outbreak

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements. The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the company expects to fully recover the carrying amount of financial assets (Loans). The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

2. Significant accounting policies

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

i. Revenue recognition

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

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

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

Recovery from bad debts written off is recognized 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 recognized when the right to receive the dividend is established.

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

ii. Finance Cost

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

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

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

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

iii. Financial assets and liabilities

a. Financial assets

Initial recognition and measurement

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

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

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

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

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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.

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

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

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

Significant Increase in credit risk (SICR)

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

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

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

Credit-impaired financial assets

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

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

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

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

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

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

e. Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

Financial liabilities

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

f. Offsetting financial assets and financial liabilities

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

g. Fair value measurement

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

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

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

Derivative Financial Instruments

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

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iv. Employee benefits

i. Short term employee benefits

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

ii. Post-employment benefits

a. Defined Contribution Plans

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

b. Defined Benefit Plans

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

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

v. Property, plant and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

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Depreciation

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

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

Classes of assets	Useful life (Years) as per Schedule II
Leasehold improvements	The shorter of useful life or tenor of underlying lease.
Office equipment	5
Furniture and fixtures	10
Vehicles	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.

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

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

vi. Intangibles

Intangible assets other than goodwill are measured at cost less accumulated amortization and any impairment losses. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate that the product is technically feasible, its intention and ability to complete the development and use the intangible in the manner that will generate future economic benefits, and can reliably measure the cost to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of profit or loss as incurred.

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

Intangibles

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.

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vii. Leases

(i) The Company as Lessee

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

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

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

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

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

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

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

(ii) The Company as lessor-

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.

In the comparative period,

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.

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viii. Impairment (non-financial asset)

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

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

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

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

ix. Foreign currency transactions:

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

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

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

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

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

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

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

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

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

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

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xi. Income taxes

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

a. Current tax

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

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

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

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

b. Deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

xii. Goods and services tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

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

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

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

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xiii. 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.

xiv. Cash and cash equivalent

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

xv. Cash flow statement

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

xvi. Commitments

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

xvii. Collateral valuation and repossession

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

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

xviii. Segment Reporting

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

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

xix. Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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Notes to the financial statements for the year ended 31 March 2020

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
3 Cash and cash equivalents		
Cash on hand	0.35	0.24
Balances with banks in current accounts	61.21	52.12
Bank deposits (with original maturity less than 3 months)	5,310.00	2,850.00
	5,371.56	**2,902.36**

(Amounts are in INR Million)

Particulars	31 March 2020			31 March 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
4 Derivative financial instruments						
(i)Currency and interest derivatives:						
Cross currency interest rate swaps	12,113.70	345.76	-	-	-	-
Total Cross currency interest rate swaps	12,113.70	345.76	-	-	-	-

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

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

The company exposure to currency and interest rate risk are disclosed in note no. 40

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
5 Trade receivables		
Unsecured, considered good *	5.06	27.89
Less : Impairment loss allowance	-	-
	5.06	**27.89**

* Includes due from related parties (refer note no. 36)

No trade receivable is due from Directors or other officer of the company either severally or jointly with any other person. Nor any trade receivable is due from firm or private companies respectively in which any Director is a partner or Director or a member.

There are no trade receivables for which there has been a significant increase in credit risk or which have become credit impaired.

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(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
6 Loans (at amortised cost)		
(A)		
(i) Term Loans	65,296.04	67,814.48
(ii) Inventory Financing	5,894.70	7,774.44
Total (A) - Gross	**71,190.74**	**75,588.92**
Less: Impairment loss allowance	(2,419.30)	(1,240.81)
Total (A) - Net	**68,771.44**	**74,348.11**
(B)		
(i) Secured by tangible assets	71,095.03	73,033.09
(ii) Covered by Bank/ Government Guarantee	95.71	-
(iii) Unsecured	-	2,555.83
Total (B) - Gross	**71,190.74**	**75,588.92**
Less: Impairment loss allowance	(2,419.30)	(1,240.81)
Total (B) - Net	**68,771.44**	**74,348.11**
(C)		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Automobile Financing*	71,190.74	75,588.92
Total (C)- Gross	**71,190.74**	**75,588.92**
Less: Impairment loss allowance	(2,419.30)	(1,240.81)
Total (C) (I) -Net	**68,771.44**	**74,348.11**
(II) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II) -Net	-	-
Total (C) (I) and (C) (II)	**68,771.44**	**74,348.11**
*Includes dealer financing		
7 Other financial assets		
Unsecured, considered good		
Rental deposits	42.45	31.83
Loans to employees	1.59	0.45
Insurance deposit	0.40	0.47
Interest accrued but not due	4.59	1.83
	49.03	**34.58**
8 Current tax assets (net)		
- considered good		
Advance tax and tax deducted at source (net of provision)	264.58	172.89
	264.58	**172.89**

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9 Income tax expense

A. Amounts recognized in statement of profit and loss

(Amounts are in INR Million)

	31 March 2020	31 March 2019
Current tax expense		
Current year	259.77	134.50
	259.77	**134.50**
Deferred tax expense		
Origination and reversal of temporary differences arisen in current year	(240.34)	55.52
Reduction in tax rate	(76.81)	1.11
	(317.15)	**56.63**
Tax expense recognized in the current year	**(57.38)**	**191.13**

B. Amounts recognized in other comprehensive income

	31 March 2020			31 March 2019		
	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)	(0.53)	0.13	(0.40)	(0.15)	0.05	(0.10)
	(0.53)	**0.13**	**(0.40)**	**(0.15)**	**0.05**	**(0.10)**

C. Reconciliation of effective tax rate

	31 March 2020		31 March 2019	
	2020	2020	2019	2019
Profit / (loss) before tax		(554.87)		549.35
Tax using the Company's tax rate	25.17%	(139.66)	34.94%	191.96
Tax effect of:				
Impact of change in Corporate tax rate on deferred tax*		76.81		
Non-deductible expenses		5.25		7.56
Tax-exempt income		0.22		(8.39)
Total income tax expense		(57.38)		191.13

*The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of INR 76.81 Millions recognised as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

D. Impact of change in Corporate tax rate on deferred tax

	Rate	Amount
Deferred tax assets / (Liabilities) before change in rate as on 31 March 2019	34.94%	274.56
Deferred tax assets / (Liabilities) after change in rate as on 31 March 2019	25.17%	197.75
		76.81

E. Movement in deferred tax balances

	Net balance 1 April 2019	Recognized in profit or loss	Recognized in OCI	31 March 2020 Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Provisions for Impairment loss	375.71	186.30	-	562.01	562.01	-
- On MTM on interest rate swap	-	89.63	-	89.63	89.63	-
- On Provisions for undisbursed commitments	-	11.01	-	11.01	11.01	-
- On Provision for provident fund liability	6.72	(1.88)	-	4.84	4.84	-
- On Provision for compensated absences	3.66	0.74	-	4.40	4.40	-
- On Lease liability over Right of use*	4.23	0.14	-	4.37	4.37	-
- On Depreciation	8.68	(4.34)	-	4.34	4.34	-
- On Security Deposits	1.73	(0.69)	-	1.04	1.04	-
- On Provision for gratuity	1.07	(1.07)	-	-	-	-
- On Remeasurements of the defined benefit plans	(0.04)	-	0.13	0.09	0.09	-
- On Rent equalisation disallowance	0.44	(0.44)	-	0.00	0.00	-
- On EIR of Retail and INF assets	(104.40)	27.19	-	(77.21)	-	77.21
- On Debenture and Commercial paper issue expenses	(18.19)	9.64	-	(8.55)	-	8.55
- On Prepaid Rent	(1.85)	0.90	-	(0.95)	-	0.95
- On Others	1.04	0.01	-	1.05	1.05	-
Deferred tax assets / (Liabilities)	**278.80**	**317.14**	**0.13**	**596.07**	**682.78**	**86.71**

*Balance as at the beginning of the year is on account of adoption of IndAS 116 with effect from 1st April 2019

	Net balance 1 April 2018	Recognized in profit or loss	Recognized in OCI	31 March 2019 Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Provisions for Impairment loss	408.70	(32.99)	-	375.71	375.71	-
- On Depreciation	13.52	(4.84)	-	8.68	8.68	-
- On Provision for provident fund liability	-	6.72	-	6.72	6.72	-
- On Provision for compensated absences	3.38	0.28	-	3.66	3.66	-
- On Security Deposits	2.43	(0.70)	-	1.73	1.73	-
- On Provision for gratuity	-	1.07	-	1.07	1.07	-
- On Provision for doubtful advances	-	0.71	-	0.71	0.71	-
- On Rent equalisation disallowance	2.44	(2.00)	-	0.44	0.44	-
- 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 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 Remeasurements of the defined benefit plans	(0.09)	-	0.05	(0.04)	-	0.04
- 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**

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Notes to the financial statements for the year ended 31 March 2020

10 Property, Plant and Equipment

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2019	Additions	Deductions	Balance as at 31 March 2020	Balance as at 01 April 2019	Charge for the year	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 01 April 2019
Leasehold Improvements	8.67	13.22	-	21.89	4.08	6.35	-	10.43	11.46	4.59
Computers & Servers	35.35	9.41	-	44.76	19.88	11.20	-	31.08	13.68	15.47
Furniture and Fixtures	11.16	5.06	-	16.22	3.31	5.03	-	8.34	7.88	7.85
Vehicles	5.23	9.43	1.56	13.10	1.68	1.29	1.56	1.41	11.69	3.55
Office Equipment	6.60	2.41	0.03	8.98	3.42	2.40	0.03	5.79	3.19	3.18
Leased Vehicles *	72.34	33.37	7.87	97.84	3.79	11.01	1.06	13.74	84.10	68.55
TOTAL	**139.35**	**72.90**	**9.46**	**202.79**	**36.16**	**37.28**	**2.65**	**70.79**	**132.00**	**103.19**

(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**

*Refer Note 34

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Notes to the financial statements for the year ended 31 March 2020

11 Intangible assets

(Amounts are in INR Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2019	Additions	Deductions	Balance as at 31 March 2020	Balance as at 01 April 2019	Charge for the year	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 31 March 2019
Computer Software	69 81	13.17	-	82 98	23 31	15.47	-	38.78	44 20	46 50
	69.81	13.17	-	82.98	23.31	15.47	-	38.78	44.20	46.50
Intangible assets under development	11.39								35.92	11.39

(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	3.33								11.39	3.33

12 Right-of-use assets

(Amounts are in INR Million)

Particulars	31 March 2020			31 March 2019		
	Office Premises	Data Center	Total	Office Premises	Data Center	Total
Balance as at the beginning of the year *	81 15	23 19	104.34	-	-	-
Add: Additions during the year **	45 85	-	45 85	-	-	-
Less: Depreciation/Amortisation charge for	49 01	7 73	56 74	-	-	-
Balance as at the end of the year	77.99	15.46	93.45	-	-	-

*Balance as at the beginning of the year is on account of adoption of IndAS 116 with effect from 1st April 2019

** Additions include fair valuation of Security Deposit of INR 3.77 Millions.

Refer Note 34

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(Amounts are in INR Million)

	Particulars		31 March 2020	31 March 2019
13	**Other non-financial assets**			
	Balances with government authorities (goods and service tax)		32.72	41.69
	Prepaid expenses		26.31	34.41
	Advance payment to vendors		14.20	21.53
	Stamp and stamp papers on hand		8.94	2.28
	Advance payment to employees		1.13	1.66
	Repossessed assets (at realisable value)*		0.60	0.61
	Other advances		0.03	2.85
			83.93	**105.03**

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

	Particulars		31 March 2020	31 March 2019
14	**Trade payables**			
	- Total outstanding dues of micro enterprises and small enterprises	(A)	0.15	0.21
	- Total outstanding dues of creditors other than micro enterprises and small enterprises			
	- Payable to dealers		24.64	715.86
	- Others*		397.02	512.68
		(B)	421.66	1,228.54
	Total	(A+B)	421.81	1,228.75

* Includes due from related parties (refer note no. 36)
The company exposure to currency and liquidity risk are disclosed in note no. 40

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 2020 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 2020	31 March 2019
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	0.15	0.21
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;	-	-
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;	0.11	0.08
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.	0.19	0.08

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.

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(Amounts are in INR Million)

	Particulars	31 March 2020	31 March 2019
15	**Debt Securities** (at amortised cost)		
	Non Convertible debentures (Secured)	17,288.54	30,379.80
	INR denominated ECB Bond (Unsecured)	7,178.06	3,522.91
	Commercial Paper (Unsecured)	1,937.52	7,728.59
	Total (A)	**26,404.12**	**41,631.30**
	Debt securities in India	19,226.06	38,108.39
	Debt securities outside India	7,178.06	3,522.91
	Total (B)	**26,404.12**	**41,631.30**

The company exposure to interest rate risk and liquidity risk are disclosed in note no 40

	Particulars	31 March 2020	31 March 2019
16	**Borrowings (other than debt securities)** (at amortised cost)		
	(a) Term loans (unsecured)		
	(i) from banks	35,124.01	18,987.73
	(b) Loans repayable on demand (unsecured)		
	(i) from banks	82.58	2,022.64
	Total (A)	**35,206.59**	**21,010.37**
	Borrowings in India	19,027.18	17,810.37
	Borrowings outside India	16,179.41	3,200.00
	Total (B)	**35,206.59**	**21,010.37**

Borrowings (other than debt securities) include INR and foreign currency External Commercials Borrowings 'ECBs'. Foreign currency ECBs have been borrowed at floating rate and converted into fixed rate with cross currency interest rate swap.
The company exposure to interest rate risk and liquidity risk are disclosed in note no 40
All the above Term Loans, ECBs are repayable on bullet basis except the overdraft facilities which are repayable on demand

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

No. of Debentures*	Series Name	Face Value	Balance as at 31 March 2020	Balance as at 31 March 2019	Issue Month	Maturity Month	Annual Coupon rate
2,000	Series 9	1.00	-	2,128.60	June 2016	June 2019	8.58%
2,000	Series 10 Option 2 #	1.00	-	2,026.75	July 2016	July 2019	7.93%
2,000	Series 11	1.00	-	2,067.09	October 2016	October 2019	7.51%
2,000	Series 7 Option 2	1.00	-	2,040.98	December 2015	December 2019	8.45%
1,500	Series 20	1.00	-	1,517.03	February 2018	January 2020	7.86%
3,000	Series 13 #	1.00	-	3,028.29	February 2017	February 2020	7.27%
2,000	Series 14	1.00	-	2,000.44	March 2017	March 2020	7.62%
3,000	Series 12	1.00	3,097.96	3,095.74	October 2016	April 2020	7.67%
1,950	Series 21	1.00	2,076.14	2,074.12	June 2018	May 2020	8.35%
3,000	Series 16	1.00	3,167.23	3,165.58	June 2017	June 2020	7.45%
1,200	Series 15	1.00	1,277.14	1,275.57	May 2017	June 2020	7.75%
2,000	Series 17	1.00	2,104.95	2,103.22	July 2017	January 2021	7.40%
3,000	Series 19**	1.00	2,798.40	2,591.22	January 2018	February 2021	7.90%
1,250	Series 22	1.00	1,266.21	1,265.17	January 2019	January 2022	8.60%
1,500	Series 23	1.00	1,500.51	-	March 2020	June 2023	6.75%
Total			**17,288.54**	**30,379.80**			

* 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
** Privately Placed Deep Discount Bonds at annualised yield - listed and secured bond
The company has power to reissue non convertible debentures as per applicable law and in line with terms & conditions of respective Debenture Trust Deeds

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

No. of INR denominated ECB Bond*	Series Name	Face Value	Balance as at 31 March 2020	Balance as at 31 March 2019	Issue Month	Maturity Month	Annual Coupon rate
355	Masala Bond Series 1	10.00	3,534.71	3,522.91	March 2019	March 2022	7.45%
350	Masala Bond Series 2	10.00	3,643.35	-	August 2019	August 2022	6.68%
Total			**7,178.06**	**3,522.91**			

*Privately placed, unsecured, unlisted, unrated

c) Schedule of Commercial Paper (at amortised cost)

Particulars	31 March 2020	31 March 2019
Commercial Paper #[Maximum balance outstanding during the year (face value) INR 8,400 Millions (Previous Year INR 11,800 Millions)	2,000.00	7,900.00
Less: unamortised Discount	62.48	171.41
	1,937.52	**7,728.59**

Tenure	31 March 2020	31 March 2019
August 2019	-	2,810.27
July 2019	-	976.57
June 2019	-	980.87
May 2019	-	2,960.88
August 2020	964.81	-
October 2020	972.71	-
Total	**1,937.52**	**7,728.59**

Discounting rate range 6% to 7% (31 March 2019: 8.28% to 8.48%) for the borrowings outstanding as at 31 March 2020

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

Particulars	31 March 2020		31 March 2019	
	In India	Outside India	In India	Outside India
0-1 years	13,444.60	2,163.81	11,060.37	-
1-3 years	5,500.00	14,015.60	6,750.00	3,200.00
	18,944.60	**16,179.41**	**17,810.37**	**3,200.00**

Interest rates range 5.41% p.a to 8.95% p.a. (Interest rates range 6.57% p.a to 8.95% p.a 31 March 2019) for the borrowings outstanding as at 31 March 2020

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

Tenure	31 March 2020	31 March 2019
Repayable on demand	82.58	2,022.64
	82.58	**2,022.64**

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 7.00% p.a to 8.15% p.a (31 March 2019: 7.45% p.a to 8.70% p.a) for the overdraft outstanding as at 31 March 2020

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Notes to the financial statements for the year ended 31 March 2020

(Amounts are in INR Million)

	Particulars	31 March 2020	31 March 2019
17	**Lease liabilities**		
	Balance as at the beginning of the year *	116.45	-
	Add: Additions during the year	41.70	-
	Add: Interest charge for the year	9.65	-
	Less: Lease payment made during the year	67.31	-
	Balance as at the end of the year	**100.49**	-
	*Balance as at the beginning of the year is on account of adoption of IndAS 116 with effect from 1st April 2019. Refer Note 34		
18	**Other financial liabilities**		
	Book overdraft	0.42	24.77
		0.42	**24.77**
19	**Provisions**		
	- Provision for expected credit loss on undisbursed commitments	43.73	-
	- Provision for employee benefits	39.91	39.17
	- Gratuity (Refer note no.37)	-	3.05
	- Compensated absences	17.49	10.50
		101.13	**52.72**
20	**Other non- financial liabilities**		
	Rent equalisation reserve	-	1.25
	Statutory liabilities	31.09	52.79
	Other liabilities	7.23	-
		38.32	**54.04**

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

	Particulars	31 March 2020	31 March 2019
21	**Equity share capital**		
	Authorized Equity shares		
	957,972,957 (31 March 2019: 957,972,957) Equity Shares of INR 10 each	9,579 73	9,579 73
		9,579.73	**9,579.73**
	Issued, subscribed and fully Paid up equity shares		
	957,972,957 (31 March 2019: 957,972,957) equity shares of INR 10 each	9,579 73	9,579 73
		9,579.73	**9,579.73**

(a) Reconciliation of number of shares

Particulars	31 March 2020 No of shares	31 March 2020 Amount	31 March 2019 No of shares	31 March 2019 Amount
Balance at the beginning of the year				
Equity Shares	957,972,957	9,579 73	957,972,957	9,579 73
Add: Shares Issued during the year				
Equity Shares	-	-	-	-
Balance at the end of the year				
Equity Shares	957,972,957	9,579 73	957,972,957	9,579 73

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

(b) Rights, preferences and restrictions attached to shares

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

During the period of five years immediately preceding 31 March 2020, no shares have been bought back and no shares have been allotted as fully paid up by way of bonus shares or pursuant to contracts without payment being received in cash and

(c) Shares held by holding company and its nominees

Particulars	31 March 2020	31 March 2019
957,972,957 (31 March 2019 957,972,957) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan	9,579 73	9,579 73
(d) Details of Shares held by shareholders holding more than 5% of aggregate shares in the company		
Equity Shares:		
Toyota Financial Services Corporation, Japan, the holding company	957,972,957	957,972,957
Percentage holding	100%	100%

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

	Particulars	31 March 2020	31 March 2019
22	**Other equity**		
	Statutory reserve - (refer note no 1 below)	332 21	332 21
	Security premium account - (refer note no 2 below)	3,320 27	3,320 27
	Retained earnings - (refer note no 3 below)	288 24	792 27
	Other comprehensive income - (refer note no 4 below)	(0 33)	0 07
		3,940.39	**4,444.82**

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

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Notes to the financial statements for the year ended 31 March 2020

(Amounts are in INR Million)

	Particulars	31 March 2020	31 March 2019
23	**Interest income (on financial assets measured at amortised cost)**		
	Interest on loans	6,774.35	6,675.61
	Interest on deposits with banks	77.35	11.83
		6,851.70	**6,687.44**
24	**Others**		
	Foreclosure charges	125.97	125.86
	Late payment charges	87.95	100.84
	Bounce charges	70.81	48.46
	Documentation charges	7.29	8.42
	Other charges	19.81	16.49
		311.83	**300.07**
25	**Other income**		
	Recovery of bad debts	152.31	130.81
	Net gain on derecognition of property, plant and equipment	-	0.97
	Miscellaneous income	0.08	-
	Dividend income	-	0.37
		152.39	**132.15**
26	**Finance costs** (on financial liabilities measured at amortised cost)		
	Interest on debt securities	2,676.60	3,233.18
	Interest on borrowings (other than debt securities)	1,888.98	1,228.98
	Interest on lease liability	9.65	-
	Other interest expense	0.20	0.01
		4,575.43	**4,462.17**
27	**Net loss on fair value changes**		
	(A) Net loss on financial instruments at fair value through profit or loss	-	-
	(i) On trading portfolio		
	-Investments	-	-
	-Derivatives	-	-
	-Others	-	-
	(ii) On financial instruments designated at fair value through profit or loss		-
	-Derivatives	356.15	
		356.15	**-**
	(B) Fair value changes:		
	-Realised	-	-
	-Unrealised	356.15	-
		356.15	**-**

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Notes to the financial statements for the year ended 31 March 2020

(Amounts are in INR Million)

	Particulars	31 March 2020	31 March 2019
28	**Impairment on financial instruments**		
	(on financial assets measured at amortised cost)		
	Loans	1,791.92	1,028.45
		1,791.92	**1,028.45**
	The company exposure to credit and liquidity risk are disclosed in note no.40		
29	**Employee benefit expenses**		
	Salaries and wages	393.84	358.75
	Contribution to Provident and other funds	16.97	33.90
	Gratuity	5.07	4.92
	Staff welfare expenses	21.01	14.90
		436.89	**412.47**
30	**Other expenses**		
	Collection charges	217.83	193.79
	Legal and Professional charges	76.96	64.72
	Information technology services	89.52	82.45
	Travelling and conveyance	31.34	28.61
	Rent, taxes and energy costs	22.84	67.30
	Expenditure towards Corporate Social Responsibility (CSR) activities*	20.67	21.62
	Advertisement and publicity	16.84	27.27
	Repairs and maintenance	16.40	12.82
	Communication costs	15.39	14.73
	Credit rating fees and other expenses	11.97	13.20
	Recruitment expenses	11.94	8.90
	Postage and courier	9.69	9.41
	Conference expenses	8.54	9.81
	Printing and stationery	8.27	8.73
	Auditor's fees and expenses		
	as statutory auditor	5.30	5.00
	as tax auditor	0.27	0.25
	for reimbursement of expenses	1.07	2.62
	Net loss on foreign currency transaction and translation (other than those considered as finance cost)	1.84	0.27
	Net loss on derecognition of property, plant and equipment	1.34	-
	Director's fees	1.20	0.87
	Other expenditure	65.27	73.76
		634.49	**646.13**

Includes transactions with related parties refer note no. 36

*** 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 2020	31 March 2019
Amount required to be spent (excluding taxes) by the Company during the year	20.67	18.91
Amount spent during the year (including taxes)		
(i) Construction/acquisition of any asset	15.03	11.90
(ii) On purposes other than (i) above	5.64	9.72
	20.67	**21.62**

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31 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 2020	31 March 2019
Profit for the year	(497.49)	358.22
Shares		
Basic outstanding shares	957,972,957	957,972,957
Effect of shares issued during the year	-	-
Weighted average number of shares for computing basic EPS	957,972,957	957,972,957
Earning per share		
Basic (in INR.)	(0.52)	0.37
Diluted (in INR.) *	(0.52)	0.37
Face value per share (INR)	10.00	10.00

* There are no dilutive shares issued by the Company as on 31 March 2020 and 31 March 2019.

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

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
(i) Contingent Liabilities:		
- Claims against the company not acknowledged as debt*		
Income tax matter under dispute for AY 2016-17 & AY 2015-16	-	12.22
Income tax matter under dispute for AY 2017-18	4.72	-
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	40.05	8.05
(b) Loans sanctioned but not disbursed	-	170.47

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

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

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Notes to the financial statements for the year ended 31 March 2020

33 **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 2020 Within 12 months	31 March 2020 After 12 months	31 March 2020 Total	31 March 2019 Within 12 months	31 March 2019 After 12 months	31 March 2019 Total
	Financial assets						
(a)	Cash and cash equivalents	5,371.56	-	5,371.56	2,902.36	-	2,902.36
(b)	Derivative financial Instruments	-	345.76	345.76	-	-	-
(c)	Trade receivables	5.06	-	5.06	27.89	-	27.89
(d)	Loans	28,537.11	40,234.33	68,771.44	31,870.00	42,478.11	74,348.11
(e)	Other financial assets	8.86	40.17	49.03	2.75	31.83	34.58
	Total financial assets	**33,922.59**	**40,620.26**	**74,542.85**	**34,803.00**	**42,509.94**	**77,312.94**
	Non-financial assets						
(a)	Current tax assets (net)	-	264.58	264.58	-	172.89	172.89
(b)	Deferred tax assets (net)	-	596.07	596.07	-	274.56	274.56
(c)	Property, plant and equipment	-	132.00	132.00	-	103.19	103.19
(d)	Right-of-use assets	-	93.45	93.45	-	-	-
(e)	Other intangible assets	-	44.20	44.20	-	46.50	46.50
(f)	Intangible assets under development	-	35.92	35.92	-	11.39	11.39
(g)	Other non-financial assets	83.93	-	83.93	79.92	25.10	105.03
	Total non-financial assets	**83.93**	**1,166.22**	**1,250.15**	**79.92**	**633.63**	**713.56**
	Total Assets	**34,006.52**	**41,786.49**	**75,793.00**	**34,882.92**	**43,143.57**	**78,026.50**
	Liabilities and Equity	**31 March 2020 Within 12 months**	**31 March 2020 After 12 months**	**31 March 2020 Total**	**31 March 2019 Within 12 months**	**31 March 2019 After 12 months**	**31 March 2019 Total**
	Liabilities						
	Financial liabilities						
(a)	Payables						
	Trade payables	421.81	-	421.81	1,064.80	-	1,064.80
	(i) total outstanding dues of micro enterprises and small enterprises	0.15	-	0.15	0.21	-	0.21
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	421.66	-	421.66	1,064.59	-	1,064.59
(b)	Lease liabilities	61.63	38.86	100.49			
(c)	Debt securities	16,633.93	9,770.19	26,404.12	23,131.77	18,499.54	41,631.30
(d)	Borrowings (other than debt securities)	15,690.99	19,515.60	35,206.59	11,060.37	9,950.00	21,010.37
(e)	Other financial liabilities	0.42	-	0.42	188.72	-	188.72
	Total financial liabilities	**32,808.78**	**29,324.65**	**62,133.43**	**35,445.66**	**28,449.54**	**63,895.19**
	Non-financial liabilities						
(a)	Provisions	87.60	13.53	101.13	39.17	13.55	52.72
(b)	Other non-financial liabilities	38.32	-	38.32	52.79	1.25	54.04
	Total non-financial liabilities	**125.91**	**13.53**	**139.45**	**91.96**	**14.80**	**106.76**
	Equity						
(a)	Equity share capital	-	9,579.73	9,579.73	-	9,579.73	9,579.73
(b)	Other equity	-	3,940.39	3,940.39	-	4,444.82	4,444.82
	Total Equity	-	**13,520.12**	**13,520.12**	-	**14,024.55**	**14,024.55**
	Total Liabilities and Equity	**32,934.69**	**42,858.31**	**75,793.01**	**35,537.62**	**42,488.89**	**78,026.50**

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34 1 Lease disclosures under Ind-AS 116 for the current year ended 31 March 2020

A. Implementation of Ind-AS 116

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements.
Under the erstwhile standard, Ind-AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases.
Effective 01 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2019 using the modified retrospective method. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. 01 April 2019. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.
On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of INR 104.35 millions and a lease liability of INR 116.45 millions. The cumulative effect of applying the standard resulted in INR 6.54 millions being debited to retained earnings.
In adopting Ind AS 116, the Company has applied the below practical expedients:
The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.The Company has discounted lease payments using the applicable incremental borrowing rate for measuring the lease liability.
The Company has treated the leases with remaining lease term of less than 12 months as at transition date as if they were "short term leases".
The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

(Amounts are in INR Million)

Particulars	**31 March 2020**
(a) the expense relating to short-term leases during the year	1.10
(b) the expense relating to leases of low-value assets during the year	0.19
(c) the expense relating to variable lease payments not included in the measurement of lease liabilities	-
(d) income from subleasing right-of-use assets	-
(e) gains or losses arising from sale and leaseback transactions	-
(f) Depreciation charge for right-of-use assets	56.74
(g) Interest expense (included in finance cost)	9.65
(h) Future lease payments-	
Within one year	61.63
After one year but not more than five years	38.86
More than five years	-
(i) Future lease payments for low-value assets -	
Within one year	0.11
After one year but not more than five years	-
More than five years	-

Impact of adoption of Ind AS 116 on Statement of profit & loss

Particulars	**31 March 2020**
Lease expenses if Ind AS 17 would have applied	67.49
Total charge to statement of profit & loss if Ind AS 17 would have applied	**67.49**
Interest on lease liabilities charged to finance cost as per Ind AS 116	9.65
Amortisation of right of use asset as per Ind AS 116	56.74
Total charge to statement of profit & loss under Ind AS 116	**66.39**
(Increase) / decrease in the profit for the year due to adoption of Ind AS 116	(1.10)

Impact of adoption of Ind AS 116 on retained earnings

Particulars	**31 March 2020**
Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	12.10
Reversal of deferred rent liability	(1.32)
Deferred tax creation on account of lease liability over ROU	(4.24)
	6.54

B. Operating leases as Lessor

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

Particulars	**31 March 2020**
(a) Lease income recognised in the Statement of Profit and Loss during the year	32.13
(b) Future lease income-	
Within one year	26.79
After one year but not more than five years	24.92
More than five years	-

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Notes to the financial statements for the year ended 31 March 2020

34 II Lease disclosures under Ind-AS 17 for the comparative year ended 31 March 2019

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 in respect of these leases.

(Amounts are in INR Million)

Particulars	31 March 2019
(a) Lease payments recognised in the Statement of Profit and Loss during the year	48.21
(b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows :	
Not later than one year	47.14
Later than one year not later than 5 years	58.63

B. Operating leases as Lessor

The Company has been financing vehicles under operating lease

(Amounts are in INR Million)

Particulars	31 March 2019
(a) Lease income recognised in the Statement of Profit and Loss during the year	9.33
(b) Future lease income-	
Within one year	22.77
After one year but not more than five years	6.33
More than five years	-

35 Segment reporting

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

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36 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 (till 31 December 2019) Narayanaswamy Raja - Managing Director and CEO (from 01 January 2020) Norimasa Ogawa - Chief Financial Officer Reena Mary - Company Secretary (till 26 February 2020) Nithya Prabhu R - Company Secretary (from 27 February 2020)
(v) Directors	Asha Sampath - Independent Director Renu Lata Rajani - Independent Director (till 19 August 2019) Ashok Rao Baswa- Independent Director (from 19 August 2019) Masakazu Yoshimura - Director Hao Quoc Tien - Director Narayanaswamy Raja - Director (till 31 December 2019) Manabu Ueno - Whole Time Director (from 1 January 2020)

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 2020**	**31 March 2019**
Remuneration to Managing Director		
Short-term employee benefits	9.97	12.57

Particulars	**31 March 2020**	**31 March 2019**
Remuneration to Chief Financial Officer		
Short-term employee benefits	16.71	16.79

Particulars	**31 March 2020**	**31 March 2019**
Remuneration to Company Secretary		
Short-term employee benefits	1.73	1.60

Particulars	**31 March 2020**	**31 March 2019**
Remuneration to Whole time Director		
Short-term employee benefits	2.72	-

Particulars	**31 March 2020**	**31 March 2019**
Directors sitting fees		
(i) Renu Lata Rajani	0.20	0.40
(ii) Asha Sampath	0.50	0.40
(iii) Ashok Rao Baswa	0.40	-

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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 2020	31 March 2019
Toyota Kirloskar Motor Private Limited		
(i) Expenses-		
Remuneration to Managing Director	4.92	-
Professional fees	11.95	12.88
Office rent	2.99	0.59
IT Network Communication	0.92	3.18
Training expenses	0.37	1.42
(ii) Income-		
Incentive Fees**	11.98	23.63
Professional fees	1.28	-
Lease Income	0.39	-
Other (FSL survey)	0.26	-
Holding Company		
Remuneration to Managing Director*	9.07	9.74
Remuneration to Chief Financial Officer*	6.58	6.52
Remuneration to Whole Time Director*	2.03	-
Home Salary- Expat*	0.93	-
Professional fees	1.57	2.08
Staff Welfare	1.05	0.82
Training expenses	0.49	-
Toyota Leasing (THAILAND) Co Ltd		
Professional fees	-	2.83
Toyota Motor Asia Pacific Pte Ltd		
Professional fees	2.58	1.07
IT Cost	2.88	-

Particulars	31 March 2020	31 March 2019
Toyota Kirloskar Motor Private Ltd		
Trade Receivables **	3.21	27.89
Trade Payable*	8.07	6.35
Toyota Financial Services Corporation		
Trade Payable*	5.06	5.41
Toyota Leasing (THAILAND) Co Ltd		
Trade Payable	-	-
Toyota Motor Asia Pacific Pte Ltd		
Trade Payable	3.83	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. 11.98 Millions (Previous Year INR. 23.63 Millions), were ascertained and recognized for the year ended 31 March 2020. An amount of INR. 1.23 Millions (including GST) (Previous Year INR.27.89 Millions) was outstanding at the Balance sheet date.

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

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

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37 Employee benefits

Defined contribution plan

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 16.62 millions (previous year INR 33.29 millions) for provident fund contributions and INR 0.34 million (previous year INR 5.94 millions) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

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

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

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

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
A. Change in present value of obligations		
Present value of defined benefit obligation at the beginning of the year	20.58	17.16
Current service cost	5.01	4.83
Interest cost	1.63	1.31
Remeasurements due to		
Actuarial loss / (gain) arising from change in financial assumptions	2.29	0.44
Actuarial loss / (gain) arising from change in demographic assumptions	(0.64)	0.00
Actuarial loss / (gain) arising on account of experience changes	(1.23)	(0.00)
Past service cost		-
Benefits paid	(3.04)	(3.16)
Present value of defined benefit obligation at the end of the year	**24.60**	**20.58**
B. Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	17.53	15.02
Expected return on plan assets	1.57	1.22
Remeasurements due to		
actual return on plan assets less interest on plan asset	(0.11)	0.29
Benefits paid	(3.04)	(3.16)
Employer contributions	8.66	4.16
Fair value of plan assets at the end of the year	**24.60**	**17.53**
C. Change in net defined liability		
Fair value of plan assets at the end of the year	24.60	17.53
Present value of funded defined benefit obligation	(24.60)	(20.58)
Net asset / (liability)	-	**(3.05)**
D. Expense recognized in the statement of profit and loss		
Current service cost	5.01	4.83
Interest cost	1.63	1.31
Interest income on plan assets	(1.57)	(1.22)
Past Service Cost	-	-
Net gratuity expense	**5.07**	**4.92**
E. Remeasurements recognized in the OCI		
- experience adjustments	(1.23)	(0.00)
- actuarial assumptions	1.76	0.15
	0.53	**0.15**
F. Categories of plan assets		
Property	-	-
Government Debt Instruments	-	-
Other Debt Instruments	-	-
Equity Instruments	-	-
Insurer managed funds	24.60	17.53
Others	-	-
G. Expected cash flows for the following year		
Expected total benefit payments		
Year 1	2.34	1.44
Year 2	2.90	1.81
Year 3	3.54	1.98
Year 4	4.25	2.00
Year 5	5.17	1.97
Above 5 Years	122.88	38.80

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H. Actuarial Assumptions

Particulars	31 March 2020	31 March 2019
Discount Rate	6.30%	7.70%
Salary escalation rate	9.00%	9.00%
Expected Return on plan assets	7.50%	7.70%
Attrition Rate - Age (Years)		
21-30	18.00%	16.00%
31-40	14.00%	11.00%
41-50	13.00%	12.00%
51-59	10.00%	0.00%
Mortality rate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2012-14) Ultimate
Retirement Age	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk, Investment Risk, Liquidity Risk, Market risk and Legislative Risk. The weighted average duration of the defined benefit obligation was 6.00 years (31 March 2019: 8.61 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 2020	31 March 2019
Gratuity Fund	-	2.00

Sensitivity analysis

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

Gratuity

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(0.87)	0.92	19.72	21.50
% change	-3.54%	3.78%	-4.16%	4.21%
Salary escalation rate (50 bps movement)	0.85	(0.81)	21.45	19.76
% change	3.49%	-3.33%	4.47%	-3.98%

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

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38 Capital Management

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

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

(Amounts are in INR Million)

Particulars	31 March 2020	31 March 2019
Common Equity Tier1 (CET1) capital	12,817.60	13,657.68
Tier 2 capital	828.27	299.68
Total Capital	13,645.87	13,957.36
Risk weighted assets	70,303.41	75,064.22
CET1 capital ratio	18.23%	18.19%
Total capital ratio	19.41%	18.59%

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39 Financial instruments-fair value and risk management
Accounting classification and fair values
The following table shows the carrying amount and fair value of financial assets and financial liabilities

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

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

(Amounts are in INR Million)

31 March 2020	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	345 76	-	345 76	345 76

31 March 2019	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Derivative financial instruments					
Cross Currency Interest Rate Swap*	-	-	-	-	-

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

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

31 March 2020	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and cash equivalents	5,371 56	-	-	5,371 56	5,371 56
Trade receivables	-	-	5 06	5 06	5 06
Loans	-	-	68,016 38	68,016 38	68,771 44
Other financial assets	-	-	49 03	49 03	49 03
Financial liabilities					
Trade Payables	-	-	421 81	421 81	421 81
Debt securities	-	17,365 56	9,115 58	26,481 14	26,404 12
Borrowings *	-	-	35,222 70	35,222 70	35,206 59
Lease Liabilities	-	-	100 49	100 49	100 49
Other financial liabilities	-	-	0 42	0 42	0 42

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					
Trade Payables	-	-	1,228 75	1,228 75	1,228 75
Debt securities	-	30,498 43	11,251 50	41,749 93	41,631 30
Borrowings *	-	-	20,922 92	20,922 92	21,010 37
Other financial liabilities	-	-	24 77	24 77	24 77

* Floating rate loans - to be reset in 6m to 1yr Hence Fair value can be similar to short term loan
Fair value of other loans has been considered at incremental cost of borrowing as on 31 Mar each year

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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, trade receivables, trade payables, lease liabilities and certain other financial assets and liabilities Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivables or payables on demand

Short-term financial assets and liabilities

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

Loans

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

Borrowing and Debt Securities

Non-convertible debentures have been valued based on Corporate bond spread matrix methodology prescribed by 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 2019 and March 2020) 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

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Financial Risk Management

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

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

Risk management framework:

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

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

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Notes to the financial statements for the year ended 31 March 2020

40 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 of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles The Board has established the Risk Management Committee to establish risk management policies, to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and monitor risks and adherence to limits Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities ALCO is responsible for managing the overall financial structure and funding and liquidity risks of the Company

A. Credit risk

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

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

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

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

ii) Credit Quality of Financial Loans
The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information The amount represents gross carrying amount

(Amounts are in INR Million)

Particulars	Term loans		Inventory Financing	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Gross carrying value of loan assets				
Neither Past due nor impaired	57,058 98	59,834 92	649 42	1,690 61
Past Due but not impaired				
30 days past due	5,763 69	6,024 89	2,789 25	3,758 39
31-90 days past due	1,518 67	888 47	1,717 59	1,721 43
Impaired (more than 90 days)	954 70	1,066 20	738 44	604 01
	65,296.04	67,814.48	5,894.70	7,774.44

iii) Expected credit loss

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

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

Definition of Default

The Company considers a financial instrument defaulted and therefore Stage3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days overdue on its contractual payments.

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

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

Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. 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 in future expected cashflows within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for future expected cashflows over the lifetime of the instruments.

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

Loss Given Default (LGD)

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

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

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

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

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

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 2020 (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	66,261 33	1 42%	938 75	65,322 58
Stage 2 Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	3,236 27	10 95%	354 31	2,881 95
Stage 3 Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	1,693 14	66 52%	1,126 24	566 90

The Company has made additional provision for credit losses against the potential impact of COVID-19 by way of a management overlay Refer Note 44

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

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Notes to the financial statements for the year ended 31 March 2020

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 5371 56 million at 31 March 2020 (previous year INR 2902 36 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 2018	65,697 01	2,497 97	2,405 94	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 90)	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 24	150 59	45 62	29,605 45
Balance as at 31 March 2019	71,308.85	2,609.90	1,670.17	75,588.92
Net remeasurement of loss allowance	(20,696.36)	(739.51)	(116.89)	(21,552 76)
Transfer to 12 Month ECL from lifetime	649.39	(598.45)	(50.94)	0 00
Transfer to lifetime ECL-not credit-impaired	(2,134.03)	1,985.29	148 74	0 00
Transfer to lifetime ECL-credit impaired	(693.85)	11.18	682.67	0 00
Financial assets derecognised	(7,310.07)	(251.94)	(727 73)	(8,289 74)
New financial assets acquired	25,137.44	219.80	87 08	25,444 32
Balance as at 31 March 2020	66,261.37	3,236.27	1,693.10	71,190.74

(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 2018	198 23	131 37	1,212 38	1,541 97
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 45
Balance as at 31 March 2019	167.42	132.26	941.13	1,240.81
Net remeasurement of loss allowance	1,015.26	74.87	(34.92)	1,055 21
Transfer to 12 Month ECL from lifetime	46.67	(44.78)	(1.89)	-
Transfer to lifetime ECL-not credit-impaired	(237 72)	174.08	63.64	(0 00)
Transfer to lifetime ECL-credit impaired	(359 98)	(0.23)	360.21	-
Financial assets derecognised	(21.21)	(24.23)	(241.26)	(286 70)
New financial assets acquired	328.33	42.33	39.32	409 98
Balance as at 31 March 2020	938.77	354.30	1,126.23	2,419.30

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Notes to the financial statements for the year ended 31 March 2020

Financial Risk Management (continued)

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

31 March 2020 (Amounts are in INR Million)

Financial assets	Maximum exposure to credit risk	Fair value of the collateral: Vehicles*	Land and buildings	Bank Guarantee	Net Exposure	Associated expected credit losses
Cash and cash equivalents	5,371.56	-	-	-	5,371.56	-
Trade Receivables	5.06	-	-	-	5.06	-
Loans	68,771.44	68,225.85	4,150.51	50.00	(3,654.92)	(2,419.30)
Other financial assets	49.03	-	-	-	49.03	-
Total financial assets	**74,197.09**	**68,225.85**	**4,150.51**	**50.00**	**1,770.73**	**(2,419.30)**

*The gross carrying value has been considered as collateral without discounting

31 March 2019

Financial assets	Maximum exposure to credit risk	Fair value of the collateral: Vehicles	Land and buildings	Bank Guarantee	Net Exposure	Associated expected credit losses
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	(1,240.81)
Other financial assets	34.58	-	-	-	34.58	-
Total financial assets	**77,312.94**	**69,083.29**	**2,708.99**	**-**	**5,520.66**	**(1,240.81)**

Gross value of total secured loans to value of collateral:

Loan To Value	Gross Value of Secured Retail loans		Gross Value of Secured Inventory Financing loans	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	2,166.04	2,660.17	1,578.43	2,872.69
51 - 70%	9,663.41	10,036.11	122.65	2,167.81
71 - 100%	51,988.07	53,655.30	3,762.25	2,156.02
Above 100%	-	-	1,909.89	2,040.82
	63,817.52	**66,351.58**	**7,373.22**	**9,237.34**

Gross Value of Secured Inventory Financing loans include term loan

Gross value of credit impaired loans to value of collateral:

Loan To Value	Gross Value of Term Loans in stage 3		Gross Value of Inventory Financing loans in stage 3	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	6.04	6.79	99.99	-
51 - 70%	63.72	76.75	75.19	-
71 - 100%	884.94	982.66	542.14	61.86
Above 100%	-	-	21.12	542.15
	954.70	**1,066.20**	**738.44**	**604.01**

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Notes to the financial statements for the year ended 31 March 2020

Financial Risk Management (continued)

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets The value of collateral has not been considered while recognising the loss allowances

31 March 2020		Fair value of the collateral		
Type of collateral	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Loans	1,693.14	954.70	1,271.15	(532.71)
Total credit-impaired financial assets	**1,693.14**	**954.70**	**1,271.15**	**(532.71)**

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**

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 2020	31 March 2019
Contractual outstanding	530.89	1,975.58
Amount written off during the year	530.89	1,428.35

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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 Committee (ALCO)
- The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows A maturing liability will be a cash outflow while a maturing asset will be a cash inflow
- The Company strives to manage the negative gap (i e where outflows exceed inflows) in the particular time-bucket and cumulative gap up to selected maturity period should not exceed the prudential limits approved by the Board The prudential limits for individual time buckets are based on a percentage of outflows of each time-bucket and the limit for the cumulative gaps are based on the percentage of cumulative gap to cumulative cash outflows up to the period
- In order to enable the Company to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, short-term liquidity profiles is estimated on the basis of business projections and other commitments for planning purposes which is effectively used as a predictive tool for its future ALM requirements
- The Company has a board approved policy for Liquidity Risk Management Framework as per RBI Circular dated 4 Nov 2019 as a part of ALM policy which captures the risk index The ALCO monitors these index and suggests changes if any

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

As at 31 March 2020 (Amounts are in INR Million)

Particulars	Note No	Expected 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	14	421 81	421 81	421 81	-	-	-	-	-	-	-
Lease Liability	17	100 49	107 99	6 06	6 06	6 06	16 46	32 79	40 56	-	-
Debt securities	15	26,404 12	28,329 18	3,115 05	2,196 04	4,431 14	1,148 00	6,547 02	9,366 69	1,525 24	-
Borrowings (other than debt securities)	16	35,206 59	38,989 52	288 34	1,549 58	241 36	6,528 16	8,843 98	21,538 10	-	-
Other financial liabilities	18	0 42	0 42	0 42	-	-	-	-	-	-	-

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	14	1,228 75	1,228 75	1,228 75	-	-	-	-	-	-	-
Debt securities	15	41,631 30	45,194 00	-	3,093 00	3,557 93	6,234 80	11,800 92	20,507 35	-	-
Borrowings (other than securities)	16	21,010.37	23,018 78	4,733.86	93 51	90 49	2,141 50	5,118 33	10,841 09	-	-
Other financial liabilities	18	24 77	24 77	24 77	-	-	-	-	-	-	-

Maturity pattern of liabilities has been compiled by the management on expected cashflows from FY 20 and based on contractual payment basis till FY 19 (except for Bank Overdraft, where it is based on management's estimation)

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Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

B. Liquidity risk (continued)

iii. Liquidity Risk Management Framework
Dicslosures required under Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies vide circular - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

a. Funding Concentration based on significant counterparty

Sr no	Number of significant counterparties *	Amount (INR Million)	% of Total deposits	% of Total Liabilities
1	4	38,018	NA	61%

* The Company consideres an exposure from a single counterparty or group of connected or affiliated counterpartiesof 10% and above to be significant counterparities.

b. Top 20 large deposits - The Company is a non deposit taking NBFC and hence not applicable.

c. Top 10 borrowings amounts to INR 29,316 millions and 48% of total borrowings.

d. Funding Concentration based on significant instrument/product

Sr no	Name of the instrument/product *	Amount (INR Million)	% of Total Liabilities
1	External commercial borrowings**	23,357	38%
2	Bank borrowings	19,027	31%
3	Non Convertible debentures	17,289	28%

* The Company consideres an exposure from an instrument of 10% and above to be significant.
**External commercial borrowings includes INR denominated ECB Bond.

e. Stock Ratios

Sr no	Particulars	Total Liabilities	Total Assets
1	Commercial papers as a % of	3%	3%
2	Non-convertible debentures (original maturity of less than one year) as a % of	NIL	NIL
3	Other short-term liabilities, if any as a % of	11%	9%

For the computation of all the above disclosures the following has been considered:
i. Total liabilities means total assets less equity capital and other equity.
ii. Total asset means total of asset side of the balance sheet.
iii. Borrowings have been considered at their carrying value.

f. Institutional set-up for liquidity risk management
The Board has the overall responsibility of managing risk related to Asset Liability mismatches, including liquidity risk. The Company has a board approved Asset Liability Management policy 'ALM policy', liquidity risk management framework which ensures that the Company maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board approves the prudential limits defined in the ALM policy. The Board has constituted designated Asset Liability Management Committee 'ALCO' to identify the risk from time to time and provide strategic inputs for continuous improvement of risk management for the Company. ALCO decides the strategy and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/ limits decided by the board. The ALCO is chaired by the MD & CEO of the Company along with senior members from the Company - Whole time director, CFO, and Senior members from Finance, Treasury & Accounting, Sales & Marketing, Risk to enable the ALCO to become a key driver of the overall ALM risk strategy of the Company.

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Notes to the financial statements for the year ended 31 March 2020

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 unhedged foreign currency transactions that would significantly impact the profitability of the company
Any significant foreign exchange exposure on account of foreign exchange borrowings is hedged to safeguard against exchange rate risk. The Company enters into hedge contracts at the inception of the borrowing contract to ensure cashflows hedges to avoid any loss due to currency fluctuation

ii. Exposure to currency risk
The profile of currency exposure on financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below

(Amounts are in INR Million, except foreign currency)

	31 March 2020			31 March 2020		
	USD	JPY	SGD	USD in INR	JPY in INR	SGD in INR
Derivative financial instruments						
Foreign exchange derivative contracts	170,000,000.00	-	-	12,113.70	-	-
Exposure to foreign currency risk (assets) - (a)	170,000,000.00	-	-	12,113.70	-	-
Financial liabilities						
Payables	281,714.27	6,859,500.00	23,547.20	21.01	4.67	1.24
Foreign currency loan	170,000,000.00	-	-	12,815.60	-	-
Interest accrued on foreign currency loan	125,817.89	-	-	122.56	-	-
Exposure to foreign currency risk (liabilities) (b)	170,407,532.16	6,859,500.00	23,547.20	12,959.17	4.67	1.24
Net exposure to foreign currency risk (c) = (b) + (a)	**407,532.16**	**6,859,500.00**	**23,547.20**	**845.47**	**4.67**	**1.24**

	31 March 2019			31 March 2019		
	USD	JPY	SGD	USD in INR	JPY in INR	SGD in INR
Financial liabilities						
Payables	5,257.00	1,986,435.00	16,581.31	0.36	1.24	0.85

The company has hedged all its foreign currency External Commercials Borrowings with Cross Currency Interest Rate Swaps to effectively hedge its cash flow positions at the time of every outflow. These foreign currency External Commercial Borrowings being no more subject to volatility in foreign exchange and their fair value being recorded through profit and loss a/c have been considered as liabilities not sensitive to foreign currency fluctuation and hence no sensitivity analysis has been performed on them

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

	Impact on profit after tax		Impact on other components of equity	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
1% movement				
USD	(0.16)	0.16	-	-
JPY	(0.03)	0.03	-	-
SGD	(0.01)	0.01	-	-
	(0.20)	**0.20**	-	-

	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**	-	-

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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 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)

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 2020	31 March 2019
Fixed-rate instruments (net of interest)		
Financial assets	67,386	68,322
Financial liabilities*	(49,621)	(55,629)
Net exposure	**17,765**	**12,693**
Variable-rate instruments (net of interest)		
Financial assets	6,408	8,585
Financial liabilities	(11,024)	(6,047)
Net exposure	**(4,616)**	**2,538**

Financial assets consists of Loans and Fixed Deposit
Financial liabilities consists of Debts securities, Borrowings (other than debt securities) and Book debts.
The company has borrowed through External Commercial Borrowings and has hedged 100% including the interest through SWAPs. Hence the company don't have any open foreign exchange interest rate exposure on any ECB borrowings

*Foreign currency external commercial borrowings were intialliay borrowed at Floating Rate which are converted using swap into Fixed rate Borrowings. The same has been considered as Fixed rate instrument

Fair value sensitivity analysis for fixed-rate instruments

Other than for derivatives the Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would affect the statement of profit and loss only to the extent of derivatives. The company has hedged all its floating rate External Commercials Borrowings with Cross Currency Interest Rate Swaps to effectively hedge its cash flow positions at the time of every outflow. These floating rate External Commercial Borrowings being no more subject to interest rate volatility and their fair value being recorded through profit and loss a/c have been considered as liabilities not sensitive to interest rate fluctuation and hence no sensitivity analysis has been performed on them.

Cash flow sensitivity analysis for variable-rate instruments

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

Impact on profit after tax		
Particulars	**31 March 2020**	**31 March 2019**
Variable rate instruments (net)		
100 bps increase	(35)	17
100 bps decrease	35	(17)

Impact on other components of equity		
Particulars	**31 March 2020**	**31 March 2019**
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.

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41 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 2020	31 March 2019
i)	CRAR (%)	19.41	18.59
ii)	CRAR - Tier I Capital (%)	18.23	18.19
iii)	CRAR - Tier II Capital (%)	1.18	0.40
iv)	Amount of Subordinated debt raised as Tier-II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

b) Investments

S.No	Particulars	31 March 2020	31 March 2019
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 2020	31 March 2019
(i)	The notional principal of swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into Swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

(ii) Exchange Traded Interest Rate (IR) Derivatives

S.No	Particulars	31 March 2020	31 March 2019
(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"	-	-

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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)

		31 March 2020		31 March 2019	
S.No.	**Particular**	**Currency Derivatives**	**Interest Rate Derivatives**	**Currency Derivatives**	**Interest Rate Derivatives**
(i)	Derivatives (Notional Principal Amount)				
	For hedging	12,113.70	-	-	-
(ii)	Marked to Market Positions [1]				
	a) Asset (+)	701.90	-	-	-
	b) Liability (-)	-	356.15	-	-
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

(d) (i) Disclosures relating to Securitisation

S.No.	Particulars	31 March 2020	31 March 2019
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 2020	31 March 2019
(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	-	-

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Notes to the financial statements for the year ended 31 March 2020

(iii) Details of Assignment transactions undertaken

S.No.	Particulars	31 March 2020	31 March 2019
(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 2020	31 March 2019
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 2020	31 March 2019
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

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Notes to the financial statements for the year ended 31 March 2020

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 2020	31 March 2019
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 2020	31 March 2019
(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, 2019: Nil).

Toyota Financial Services India Bangalore

B S R & Associates LLP

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Notes to the financial statements for the year ended 31 March 2020

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 Rs. 0.50 Million (Previous Year: Nil)

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

		31 March 2020		31 March 2019	
S. No.	Instrument	CRISIL	ICRA	CRISIL	ICRA
1	Redeemable Non-Convertible Debentures	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
2	Commercial Papers	A1+	A1+	A1+	A1+
3	Bank facility (Long term)	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
4	Bank facility (Short term)		A1+		A1+

There have not been any migrations during the year.

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

(v) Revenue Recognition
There is no revenue which has been postponed pending the resolution of significant uncertainties.

(g) Additional Disclosures
(i) Provisions and Contingencies

(Amounts are in INR Million)

Break up of 'Provisions and Contingencies' shown in the statement of profit and loss	31 March 2020	31 March 2019
Under 'Impairment on financial instruments'		
Provision towards NPA	166.02	(166.68)
Contingent Provision for Standard Assets, including future potential losses	1,036.18	(26.55)
Under 'Tax expenses'		
Provision made towards Income tax	259.77	134.50
Under 'Employee Benefit Expenses'		
Provision for Gratuity and Compensated absences	14.83	8.49

(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 2020	31 March 2019
Total Advances to twenty largest borrowers	6,948.39	8,396.56
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	9.76%	12.06%

(C) Concentration of Exposures

	31 March 2020	31 March 2019
Total Exposure to twenty largest borrowers /customers	9,685.95	10,555.61
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	12.80%	14.50%

(D) Concentration of NPAs

	31 March 2020	31 March 2019
Total Exposure to top four NPA accounts	832.80	654.43

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Notes to the financial statements for the year ended 31 March 2020

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	-	-	-	-	-

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Notes to the financial statements for the year ended 31 March 2020

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

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector 31 March 2020	31 March 2019
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans*	2.38%	2.21%
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 2020	31 March 2019
(i)	Net NPAs to Net Advances (%)	0.82	0.98
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,670.21	2,405.95
	(b) Additions during the year#	1,057.49	972.80
	(c) Reductions during the year *	1,034.56	1,708.54
	(d) Closing balance	1,693.14	1,670.21
(iii)	Movement of Net NPAs		
	(a) Opening balance	729.08	1,190.20
	(b) Additions during the year	541.82	692.51
	(c) Reductions during the year	704.00	1,153.63
	(d) Closing balance	566.90	729.08
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	941.13	1,215.75
	(b) Provisions made during the year	515.67	280.29
	(c) Write-off / write-back of excess provisions *	330.56	554.91
	(d) Closing balance	1,126.24	941.13

Additions does not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.
* Balancing figure.

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

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

(i) Disclosure of Customer Complaints

Sl.No.	Particulars	31 March 2020	31 March 2019
(a)	No. of complaints pending at the beginning of the year	14	25
(b)	No. of complaints received during the year	1,061	882
(c)	No. of complaints redressed during the year	1,074	893
(d)	No. of complaints pending at the end of the year	1	14

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 2020	31 March 2019
a. Persons involved		
Customers	12.68	19.84
Collection Agency	2.33	0.87
Dealer	164.79	1,508.26
Total	**179.80**	**1,528.97**
b. Type of Fraud		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	179.80	1,528.97

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 Bangalore

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Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2020

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 2020

31 March 2020 **(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	3,334.02	3,560.97	4,366.89	7,102.63	13,837.86	14,973.72	1,496.47	-	48,672.56
Foreign Currency Borrowings	-	17.21	105.34	-	-	12,815.60	-	-	12,938.15
Assets *									
Advances (net of NPA provision)	1,603.61	2,061.76	4,763.66	8,155.44	11,952.65	29,774.19	9,323.21	1,136.92	68,771.44
Cash and cash equivalents	4,971.56	400.00	-	-	-	-	-	-	5,371.56
Investments	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	26.92	-	-	-	-	-	-	-	26.92

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 #	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities #	2.45	-	-	-	-	-	-	-	2.45

* Excludes advance income tax/ tax deducted at source (net of provisions) and other advances (not related to lending activity).
# The Company do not have any foreign currency assets and liabilities in relation to its principal operations
The Company have considered all moratorium request received and granted upto 31 May 2020.
Cashflows denote expected cashflow of financial liabilities and assets as at 31 March 2020 and contractual cashflow of financial liabilities and assets as at 31 March 2019. The amounts includes accrued interest payments & interest income.

Toyota Financial Services India Limited Bangalore

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Notes to the financial statements for the year ended 31 March 2020

42 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/201920 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

31 March 2020 **(Amounts are in INR Million)**

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	66,261.33	938.75	65,322.58	262.81	675.94
	Stage 2	3,236.27	354.31	2,881.96	28.06	326.25
Subtotal for Performing Assets (A)		69,497.60	1,293.06	68,204.54	290.87	1,002.19
Non-Performing Assets (NPA)						
Substandard	Stage 3	915.19	379.84	535.35	86.31	293.53
Doubtful						
up to 1 year	Stage 3	7.19	3.28	3.91	3.50	(0.22)
1 to 3 years	Stage 3	76.43	49.16	27.27	55.37	(6.21)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful						
Loss	Stage 3	694.33	693.96	0.36	691.24	2.72
Subtotal for NPA (B)		1,693.14	1,126.24	566.90	836.42	289.82
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	869.56	23.34	846.22	-	23.34
	Stage 2	339.21	20.39	318.82	-	20.39
	Stage 3	-	-	-	-	-
Subtotal (C)		1,208.77	43.73	1,165.04	-	43.73
	Stage 1	67,130.89	962.09	66,168.80	262.81	699.28
	Stage 2	3,575.48	374.70	3,200.78	28.06	346.64
	Stage 3	1,693.14	1,126.24	566.90	836.42	289.82
Total (A+B+C)		72,399.51	2,463.03	69,936.48	1,127.29	1,335.74

The Company has considered 5% additional provision in respect of accounts which are default but standard upon extending asset classification benefit based on RBI circular DOR No BP BC 63/21 04 048/2020-21 dated 17 April 2020 pertaining to Asset Classification and provisioning in terms of COVID19 Regulatory Package

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2020

43 Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Sl.No.	Particulars	31 March 2020
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	4,707.69
2	Respective amount where asset classification benefits is extended	303.88
3	General provision made*	-
4	General provision adjusted during the period against slippages and the residual provisions	-

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 44.

44 Impact of COVID-19

The Covid-19 pandemic has resulted in significant decrease in the economic activities across the country, on account of lockdown that started on 24 March 2020. The lockdown affected the Company's business operations starting from last week of March 2020.Even though lockdown has been eased from most part of the country there still remains a high level of uncertainty with respect to return to normalcy of business operation due to increase in COVID-19 cases.

In accordance with Moratorium policy, framed as per guidelines issued by Reserve Bank of India (RBI) dated 27 March , 2020 and 23 May, 2020 relating to 'COVID-19 - Regulatory Package' and approved by Board of Directors of the Company, the Company has offered/ would offer moratorium on payment of instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to its eligible customers based on requests. In respect of accounts overdue but standard, day past due remains status quo as of 29 February 2020 for the eligible customers under moratorium. The Company continues to recognize interest income during moratorium period. As per assessment done by the Company and in the absence of other customer related credit risk indicators, the granting of moratorium period does not result in automatically triggering of significant increase in credit risk criteria of Ind AS 109.

Based on other information available up to the date of approval of these financial statements the Company assesed impact on its assets including expected credit loss on its loan portfolio and liabilities including Assest Liabilty Managementt("ALM") position. Based on the detailed evaluation, the Company has:
a) made additional provision for credit losses on its loan portfolio against the impact of COVID-19 by the way of management overlays of Rs.827 million. Further, in terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition,Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 March 2020 and accordingly, no amount is required to be appropriated to impairment reserve.
b) stress tested its ALM position as at 31 March 2020 and the Company has a positive cumulative mismatch across all maturity buckets. Futher, the liquidity position held in form of high-quality liquid assets and undrawn committed bank lines.

The final impact of the global health pandemic is very uncertain and the actual impact on these financials statements may be different than that estimated based on the conditions prevailing as at date of the approval of financial statements. The management will continue to closely monitor the material changes in the macro-economic factors imapacting the operations of the company.

45 Disclosure pursuant to SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144, dated November 26, 2018

Sl.No.	Particulars	Details
1	Name of the company	Toyota Financial Services India Limited
2	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	CRISIL AAA(Stable) & CRISIL A1+ by CRISIL Limited ICRA AAA (Stable) & ICRA A1+ by ICRA Limited
3	Security Listed	Debt listed - Non Convertible Debenture
4	Financial Year	2019-20
5	Outstanding borrowing of company as on 31st March, 2020 (based on audited financials)	61,610.71
6	Whether framework applicable?	Yes
7	Incremental Borrowing in the current FY (a)	7,250.00
8	Mandatory borrowing through debt securities in the current FY (b) = 25% of (a)	1,812.50
9	Actual borrowings done through debt securities in the current FY (c)	1,500.00
10	Shortfall in mandatory borrowing through debt securities, if any, for the current FY (d)= (b)-(c)	312.5
11	Compliance Status	For large part of FY 2019-20 Debt Capital Markets were not conducive due to defaults by some high rated NBFCs. Due to risk aversion by investors the company could not find suitable borrowing opportunity to meet 25% threshold of mandatory borrowings through debt securities in the current FY.

Toyota Financial Services India Limited Bangalore

B S R & Associates LLP

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2020

46 Prior year comparatives

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

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

Rohit Alexander
Partner
Membership No. 222515

Bangalore
25 June 2020

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

Narayanaswamy Raja
Managing Director & CEO
DIN: 06840450

Bangalore
25 June 2020

植野学
Manabu Ueno
Whole-time Director
DIN:08635145

Nagoya, Japan
25 June 2020

Norimasa Ogawa
Chief Financial Officer

Nagoya, Japan
25 June 2020

R Nithya Prabhu
Company Secretary
FCS: 9087
Bangalore
25 June 2020

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2020

Annexure 1 forming part of the financial statements for the year ended 31 March 2020

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

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

(Amounts are in INR Million)

Particulars	31 March 2020		31 March 2019	
	Amount outstanding	Amount overdue	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*	17,288.54	-	30,379.80	-
: Unsecured	7,178.06	-	3,522.91	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans*	35,124.01	-	18,987.73	-
(d) Intercorporate loans and borrowing	-	-	-	-
(e) Commercial Paper	1,937.52	-	7,728.59	-
(f) Other Loans (Working Capital Loans from Banks and Book Overdraft)	83.00	-	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	31 March 2020	31 March 2019
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	68,771.44	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		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	2.05	-
(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

B S R & Associates LLP

Toyota Financial Services India Limited
Notes to the financial statements for the year ended 31 March 2020

Annexure I forming part of the financial statements for the year ended 31 March 2020

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

(Amounts are in INR Million)

	31 March 2020	31 March 2019
Long Term investments		
1. Quoted		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Please see note 2 below		

Category	31 March 2020 Amount net of provisions			31 March 2019 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties*	68,771.44	-	68,771.44	71,834.24	2,513.88	74,348.11
Total	68,771.44	-	68,771.44	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	31 March 2020 Market Value/ Break-up or fair value or NAV	31 March 2020 Book Value (Net of Provisions)	31 March 2019 Market Value/ Break-up or fair value or NAV	31 March 2019 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	31 March 2020	31 March 2019
(i)	Gross Non Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related parties	1,693.14	1,670.21
(ii)	Net Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related parties	1,126.24	941.13
(iii)	Assets acquired in satisfaction of debt	0.60	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.

Toyota Financial Services India Bangalore

B S R & Associates LLP

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the shareholders of Toyota Financial Services India Limited will be held at 1.30 P.M. (IST) on Thursday, September 24, 2020 through Video Conferencing, deemed to be held 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, 2020, including the audited Balance Sheet as on March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year ended as on that date together with Reports of Directors and Auditors thereon.

2. Re-appointment of Mr. Masakazu Yoshimura (DIN: 08327922), as Director who is liable to retire by rotation, being eligible, offers himself for reappointment.

Special Business:

3. **Re-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), who was appointed as Independent Director of the Company at the last Annual General Meeting held on August 19, 2019, whose term of office expires at this Annual General Meeting ("AGM") and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby re-appointed as an Independent Director to hold office for a period of 03 (three) years from the conclusion of Ninth Annual General Meeting till the conclusion of the Twelfth Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute /publish all such notices, agreements and writings as may be necessary and required for giving effect to this resolution"

4. **Alteration of Articles of Association:**

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 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Shareholders of the Company be and is hereby accorded for the amendment of Articles of Association of the Company by deleting Article 83 – "Vacation of office by Managing Director/ Whole-time Director" of the Articles of Association.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute/publish all such notices, deeds, agreements, papers and writings as may be necessary and required for giving effect to this resolution"

5. **Change in borrowing limit of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT in supersession of the resolutions passed earlier in this regard and pursuant to the provisions of Section 180(1)(c) of 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 consent of the Shareholders be and is hereby accorded, to borrow and raise such sums of money from bank and/or other non-banking financial lenders and/or any corporates and/or other financial institutions and lenders (as permitted under applicable laws) in the form of term loans (short term/ long term), cash credit, overdraft facility, working capital demand loan etc., External Commercial Borrowings in Indian Rupees or equivalent thereof in any foreign currency (ies), Rupee Denominated Bonds issued outside India / overseas or otherwise or in any foreign currency (ies) as permitted by the applicable laws, by issue of Commercial Paper and by issue of Non-Convertible debentures in one or more tranches/ series, from time to time, on such terms and conditions and with or without security, including commercial terms as may be determined by the Board of Directors on the basis of the prevailing market conditions, and as may be required for the purposes of the business of the Company, in excess of the aggregate of the paid-up capital of the Company, free reserves of the Company, that is to say, reserves not set apart for any specific purpose and the securities premium, at a maximum limit as given in below table, subject to the proviso that such borrowings, together with monies already borrowed, shall not at any one time exceed Rs. 133,000 million (Rupees One Hundred Thirty-Three Thousand Million only) excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business.

Borrowings	Limits (INR Million)
Bank/ other lenders (Including ECB)	70,000
Commercial Papers	18,000
NCD (Including Masala Bond)	45,000
Total Limit	**133,000**

RESOLVED FURTHER THAT the consent of the Shareholders be and is hereby accorded, to the Board of Directors of the Company to create/modify any mortgage, pledge, hypothecation or other charge or encumbrances, from time to time, over the whole or substantially whole of the Company's undertaking including all present and future immovable and movable properties and assets of the Company whosesoever situated, in favour of the banks, financial institutions, and other persons, whether in India or overseas, for securing loans, credits, guarantees or other facilities provided or to be provided by them to the Company and/or to secure debentures issued/ to be issued by the Company and/or to secure offshore bonds (whether rupee denominated or otherwise) issued / to be issued by the Company whether in India or outside India, which borrowings and facilities and debentures and offshore bonds together with the existing ones shall not exceed an aggregate limit Rs. 133,000 million (Rupees One Hundred Thirty-three Thousand Million Only).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute/publish all such notices, deeds, agreements, papers and writings as may be necessary and required for giving effect to this resolution"

6. Issue of Non - Convertible Debentures

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT subject to the provisions of Section 180 (1) (c), Section 42, Section 71 of the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and rules & regulations made there under, if any (including any other statutory modification or re-enactment thereof for the time being in force), consent of the Shareholders be and is hereby accorded, to the Board of Directors of the Company, for a period of 1 (one) year from the date hereof, to raise funds for its general corporate purposes by way of issuance of non-convertible debentures in one or more tranches/ series, on such terms and conditions as may be determined by the Board of Directors, provided that the aggregate amount raised through the issuance of the Non-Convertible Debentures pursuant to the authority under this resolution along with the Non-Convertible Debentures already issued by the Company remains below the limit of INR 45,000 Million (Rupees Forty Five Thousand Million only).

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded to the Board of Directors of the Company to determine the price at which any non-convertible debentures are being issued in one or

more tranches/ series pursuant to the authority granted under the resolution referred to above, on the basis of the prevailing market conditions.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute/publish all such notices, deeds, agreements, papers and writings as may be necessary and required for giving effect to this resolution"

By order of the Board of Directors

-Sd-

Date: September 1, 2020
Bangalore

Nithya Prabhu R
Company Secretary
ICSI Membership No: F9087

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 through email and vote on their behalf at the Meeting.

4. The Members will be provided with a facility to attend the AGM through Video Conferencing through the Micro Soft Teams and they may access the same at the link provided by the Company separately. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Members who need assistance before or during the AGM, can contact IT Service Desk of the Company on +1-800-258-9099/ itservicedesk@tfsin.co.in or Mr. Nithya Prabhu on +91-98940-89913/ r.nithyaprabhu@tfsin.co.in.

5. 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.

Annexure to Notice:

Explanatory Statement pursuant to section 102 of the Companies Act, 2013

Item no. 3:

Mr. Ashok Rao Baswa was appointed as Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at last Annual General Meeting held on August 19, 2019 to hold office till the ensuing Annual General Meeting (First term). It is proposed to re-appoint Mr. Ashok Rao Baswa as Independent Director for the second term, for a period of 03 (three) years from conclusion of this AGM till conclusion of the twelfth AGM and not liable to retire by rotation.

Mr. Ashok Rao Baswa is a Chartered Accountant and a Certified Information System Auditor by profession, and he has over three decades of experience in the field of Finance, Banking and Insurance industry. Considering the contribution of Mr. Ashok Rao Baswa made during his first term of appointment as an Independent Director, your Board of Directors felt that his re-appointment would add value and further contribute to the business of the Company.

Mr. Ashok Rao Baswa, director has given declaration that he meets the criteria for independence as provided in Section 149(6) and other necessary declarations as required in terms of the Act 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 re-appointed fulfils the conditions specified in Section 152(5) Companies Act, 2013 and the rules made thereunder and the Reserve Bank of India.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, other than Mr. Ashok Rao Baswa is interested or concerned in the resolution.

The Nomination and Remuneration Committee and the Board recommend his re-appointment and the resolution for approval of the Shareholders.

Item no. 4:

Articles of Association (“AOA”) is significantly important document of the Company comprises of rules and regulations that govern the Company’s internal affairs.

As per Section 152 of the Companies Act 2013, two-third of total directors, are liable to retire by rotation excluding the Independent Director. In this regard, Article 83 of AOA restricts Managing Director and Whole Time Director from retire by rotation. But considering the current composition of the Board and to meet this regulatory requirement, AOA is required to be amended to include Managing Director and Whole time Director in the above category of directors who retire by rotation at AGM.

In consideration of the above, Article 83 of AOA is hereby proposed for deletion. The revised Article of Association as approved by the Board is enclosed herewith as Annexure I.

Pursuant to Sec 14 of the Companies Act, 2013, the said alteration can be effected only with the approval of Shareholders by passing a Special Resolution. Thus, the Board recommends the resolution set forth in Item no. 4 for the approval of the Shareholders.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the said resolution.

Item no. 5:

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Director of a Company cannot borrow moneys in excess of the amount of the paid-up capital of the company and its free reserves without the approval of the Shareholders by way of Special Resolution.

The Shareholders are requested to provide necessary approvals to the Board of the Company to borrow and raise such sums of money from bank and/or other non-banking financial lenders and/or any corporates and/or other financial institutions and lenders (as permitted under applicable laws) in the form of term loans (short term/ long term), cash credit, overdraft facility, working capital demand loan etc., External Commercial Borrowings in Indian Rupees or equivalent thereof in any foreign currency (ies), Rupee Denominated Bonds issued outside India / overseas or otherwise or in any foreign currency (ies), within the borrowing limits approved by the Shareholders.

Accordingly, the consent of the Shareholders is being sought for the change in borrowing limits and to secure such borrowings by mortgage / charge on any of the movable and/ or immovable properties and / or the whole or any part of the undertaking(s) of the Company as setout in the Special Resolution at Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item no. 5 for the approval of the Shareholders. None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the said resolution.

Item no. 6:

Pursuant to Section 42 and Section 71 of the Companies Act, 2013, the Shareholders are requested to provide necessary approvals to the Board of the Company for raising funds through the issuance of Non-Convertible Debentures for a period of 1 year, within the borrowing limits approved by the Shareholders.

The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of non-convertible debentures by the Company for a period of 1 year from the date on which the Shareholders have provided the approval by way of Special resolution. All Non-Convertible Debentures issued by the

Company pursuant to such authority granted by the Shareholders shall be priced on the basis of the prevailing market conditions and as specifically approved by the Board at such time.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

By order of the Board of Directors

-Sd-

Date: September 1, 2020
Place: Bangalore

Nithya Prabhu R
Company Secretary
ICSI Membership No: F9087

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

9th Annual General Meeting-_____________

e Member(s)	
address	

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 falling him/her

2. Name : ______________________________ E-mail id: ____
Address: ____
____

Signature: ___________________________________ or falling him/her

3. Name : ______________________________ E-mail id: ____
Address: ____
____

Signature: ___________________________________ or falling him/her

As my/ our proxy to attend and vote for me/us and on my/our behalf at the 9th 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 __________________ 2020

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.

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

Ninth Annual General Meeting (2020-21):

. / DP ID Client ID No.	
First named Member/Proxy/ Authorised Representative	
Joint Member(s), if any:	
ares 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 ______**, _____, 2020 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.