

May 25, 2023

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

Dear Sir/ Madam,

**Sub: Independent Auditor's Report on maintenance of Security Cover including compliance with all the financial covenants in respect of Non-Convertible Debt Securities issued by Toyota Financial Services India Limited as of March 31, 2023**

Kindly find attached the disclosures pursuant to Regulations 54(2) and 54(3) of the SEBI LODR and the Independent Auditor's Report on maintenance of Security Cover including compliance with all the financial covenants in respect of non-convertible debt securities issued by Toyota Financial Services India Limited as of March 31, 2023.

You are requested to kindly take the same on record.

Thanking You,

Yours Sincerely,

**For Toyota Financial Services India Limited,**

**Nithya Prabhu R**  
**Company Secretary and Compliance Officer**  
**ICSI Membership No: F9087**

Enclosure(s): As above

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

Registered Office: No. 21, Centropolis, First Floor, 5<sup>th</sup> Cross, Langford Road, Shanti Nagar, Bangalore – 560 025  
P: +91 80 4344 2800 | F: +91 80 4344 2930 | [cs@tfsin.co.in](mailto:cs@tfsin.co.in) | [www.toyotafinance.co.in](http://www.toyotafinance.co.in) | CIN: U74900KA2011FLC058752

To,  
The Board of Directors,  
Toyota Financial Services India Limited  
No. 21, Centropolis, First Floor,  
5<sup>th</sup> Cross Langford Road, Shanti Nagar,  
Bangalore, 560025.

**Independent Auditor's Report on maintenance of Security Cover including compliance with all the financial covenants in respect of listed non-convertible debt securities issued by Toyota Financial Services India Limited as at March 31, 2023.**

1. This report is issued in accordance with the terms of our Engagement Letter dated September 26, 2022.
2. The accompanying Statement of compliance showing 'Security Cover as per the terms of offer document/ Information Memorandum and/or Debenture Trust Deed and compliance with Financial Covenants' for Listed Secured Non-Convertible Debentures (NCD's) issued by Toyota Financial Services India Limited (the "Company") which were outstanding as at March 31, 2023 (the "Statement"), is prepared by the Management of the Company for the purpose of submission to Vistra ITCL (India) Limited (the "Debenture Trustees"), as per the terms of the offer document/ Information memorandum and/ or Debenture Trust Deed as at March 31, 2023, in accordance with terms of Securities And Exchange Board Of India (the "SEBI") vide circular no. SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2022/67 dated May 19, 2022 (hereinafter referred as the "SEBI Circular") and in accordance with terms of regulation 56(1)(d) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred as the "SEBI Regulations").

**Management's Responsibility**

3. The Management of the Company is responsible for the maintenance of the Security Cover and compliance with the covenants of debt securities, including the preparation of Statement and preparation and maintenance of all accounting and other records and documents supporting such compliance. This responsibility includes the design, implementation, and maintenance of internal control relevant to such compliance with the SEBI Regulation and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. The Company's management is also responsible for preparation and maintenance of covenants list and compliance with such covenants on a continuous basis as per the debenture trust deed and to ensure compliance with the requirements of Debenture Trust Deed and provide all relevant information to the debenture trustees.
5. The Management is also responsible for ensuring that the Company complies with the requirements of the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, SEBI Regulations and other relevant circulars, guidelines and regulations as applicable to the Company and for providing all relevant information to the SEBI.

**Auditor's Responsibility**

6. Pursuant to the requirements of the SEBI Regulations and SEBI Circular, it is our responsibility to obtain limited assurance and report whether the book value of assets charged against the listed Secured Non-Convertible Debentures (NCDs) issued by the Company mentioned in the accompanying Statement are in agreement with the audited books and records maintained by the Company for the year ended March 31, 2023 produced for our examination including the compliance with all the financial covenants as mentioned in the Debenture Trust Deed.

7. For the purpose of the report we have performed the following procedures:
  - a) Traced and agreed the principal amount of the listed NCDs outstanding as at March 31, 2023 on test check basis.
  - b) Verified the Security Cover details as per the Debenture Trust Deed/ Information Memorandum and the audited books and records of the Company on test check basis;
  - c) arithmetically re-computed the Security Cover ratio as computed in the Statement;
  - d) Verified the charge creation forms filed with the Ministry of Corporate Affairs on test check basis;
  - e) Verified the Financial covenants, if any on test check basis as per the Debenture Trust Deed/ Information Memorandum and the term sheet of NCD's issued by the Company; and
  - f) Obtained written representations from the Management in this regard.
8. We have audited the financial statements of the Company as of and for the financial year ended March 31, 2023, we issued an unmodified audit opinion vide our report dated May 25, 2023. Our audit of the financial statements was conducted in accordance with the Standards on Auditing specified in section 143(10) of the Act, and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
9. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, as mentioned in paragraph 7 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
10. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the ICAI (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Conclusion

12. Based on the procedure performed by us as mentioned in paragraph 7 above, to the best of our knowledge and according to the information, explanations and representation given to us, nothing has come to our attention that causes us to believe that the book value of assets charged against the listed Secured Non-Convertible Debentures (NCDs) issued by the Company mentioned in the accompanying Statement are not in agreement with the audited books and records maintained by the Company for the year March 31, 2023 produced for our examination including the compliance with all the financial covenants as mentioned in the Debenture Trust Deed.



# MSKA & Associates

Chartered Accountants

## Restriction on Use

13. This report is addressed to the Board of Directors of the Company, pursuant to our obligations under the Engagement Letter for onward submission of this report to the Debenture Trustees as per the SEBI Regulation and SEBI Circular and should not be used by any other person or for any other purpose. M S K A & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.
14. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Report is shown or into whose hands it may come without our prior consent in writing.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration Number: 105047W

*Swapnil Kale*

Swapnil Kale  
Partner  
Membership Number: 117812  
UDIN: 23117812BGXQVX7862



Mumbai  
May 25, 2023


**Statement of maintenance of Asset Cover and compliance with specific covenants as on March 31, 2023, for the Non-Convertible Debenture (NCD)**

A. SECURITY COVER CERTIFICATE														Rs in Million	
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate					Total Value (=K+L+M+ N)
		Debt for which this certificate being issued <sup>(4)</sup>	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-Passu charge (excluding items covered in column F)	debt amount considered more than once (due to exclusive plus pari passu charge)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable				
		Book Value	Book Value	Yes/ No	Book Value	Book Value	Book Value	Book Value	Relating to Column F						
<b>ASSETS</b>															
	Property, Plant and Equipment						383.12		383.12						0.00
	Capital Work-in-Progress						0.00		0.00						0.00
	Right of Use Assets						58.37		58.37						0.00
	Goodwill						0.00		0.00						0.00
	Intangible Assets						144.84		144.84						0.00

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Intangible Assets under Development							0.00		0.00					0.00
Investments							2,547.48		2,547.48					0.00
Loans <sup>(1)</sup>	Loans Receivables on Gross Basis (i.e. excluding ECL Provision)	25,458.55					64,046.77		89,505.32		25,458.55			25,458.55
Inventories							0.00		0.00					0.00
Trade Receivables							36.73		36.73					0.00
Cash and Cash Equivalents							2,111.24		2,111.24					0.00
Bank Balances other than Cash and Cash Equivalents							0.00		0.00					0.00
Others							1,540.72		1,540.72					0.00
<b>Total</b>		<b>25,458.55</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>70,869.26</b>	<b>0.00</b>	<b>96,327.81</b>	<b>0.00</b>	<b>25,458.55</b>	<b>0.00</b>	<b>0.00</b>	<b>25,458.55</b>
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains <sup>(2)</sup>		23,143.38					-		23,143.38		23,143.38			23,143.38
Other debt sharing pari-							-		0.00					0.00

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passu charge with above debt													
Other Debt						2,472.45		2,472.45					0.00
Subordinated debt						-		0.00					0.00
<b>Borrowings</b>													
Bank						41,409.13		41,409.13					0.00
Debt-Securities						-		0.00					0.00
Others						-		0.00					0.00
Trade payables						951.38		951.38					0.00
Lease Liabilities						60.53		60.53					0.00
Provisions <sup>(1)</sup>						3,121.99		3,121.99					0.00
Others <sup>(5)</sup>						5,551.20		5,551.20					0.00
<b>Total</b>		<b>23,143.38</b>	-	-	-	<b>53,566.68</b>	-	<b>76,710.06</b>	-	<b>23,143.38</b>	-	-	<b>23,143.38</b>
<b>Cover on Book Value<sup>(6)</sup></b>		<b>1.10</b>											
<b>Cover on Market Value</b>													<b>1.10</b>
		<b>Exclusive Security Cover Ratio</b>				<b>Pari-Passu Security Cover Ratio</b>							

1. Loan Receivables are considered on Gross basis and ECL provision of Rs.2,988.78 million. (Provisions are considered in liabilities for the purpose of computation of the asset coverage)
2. Debt securities to which this certificate pertains is based on IND-AS and includes unlisted secured NCD.
3. The amount has been extracted from the audited financial results for year ended 31 March 2023.
4. This column includes book value of loans and receivables having exclusive charge and outstanding book value of debt for which this certificate is issued.
5. Other doesn't include equity share capital & other equity.

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6. As per deed of hypothecation, the requirement of Security Coverage is 1 time of the outstanding NCD. However, presently the Company is maintaining at 1.10 times

**B. Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed entity:**

We confirm that the covenants/terms of the issue of the listed debt securities (NCD's) have been complied by Toyota Financial Services India Limited except as stated below:

NIL (complied with all applicable covenants)

For **Toyota Financial Services India Limited,**

  
**ANUPAM VASDANI**  
CFO



Dated: May 25, 2023

Place: Bangalore

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