

September 1, 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: Submission of Annual Report under Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Company for the Financial Year 2022-23.

You are requested to kindly take the above on record.

Thanking you,

Yours Sincerely,

**For Toyota Financial Services India Limited**

RAJAGOPAL  
NITHYA PRABHU

Digitally signed by  
RAJAGOPAL NITHYA PRABHU  
Date: 2023.09.01 18:48:21  
+05'30'

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

Enclosed: As above



# **TWELFTH ANNUAL REPORT 2022-23**

**CORPORATE INFORMATION:**

CIN: U74900KA2011FLC058752

**REGISTERED OFFICE ADDRESS:**

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

**STATUTORY AUDITORS:**

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

**CHIEF FINANCIAL OFFICER:**

Mr Anupam Vasdani

**SECRETARIAL AUDITORS:**

V Sreedharan and Associates  
Practicing Company Secretaries,  
No. 293, 3<sup>rd</sup> Floor, 10<sup>th</sup> Main Road, 3rd Block,  
Jayanagar, Bangalore – 560 011

**COMPANY SECRETARY & COMPLIANCE OFFICER:**

Mr Nithya Prabhu R

**INTERNAL AUDITORS:**

Mr A P Alagarsamy  
Internal Auditor (In house)

**DEBENTURE TRUSTEE:**

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

**REGISTRAR & TRANSFER AGENT  
(For Non-Convertible Securities)**

KFin Technologies Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032

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## BOARD'S REPORT

**Dear Shareholders,**

Your Directors are pleased to present the performance and affairs of your Company for the Financial Year Ended March 31, 2023.

### Report on the Performance and Financial Position:

The summary of financial results of your Company for the Financial Year Ended March 31, 2023, is hereunder:

*(Amount in INR Million)*

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Income	7,406.67	6,782.30
Total Expenditure (excluding depreciation)	5,484.35	5,418.65
Profit / (Loss) Before Depreciation & Tax	1,922.32	1,363.65
Less: Depreciation	272.18	232.14
Profit / (Loss) before tax	<b>1,650.14</b>	<b>1,131.51</b>
Less: Tax Expense	410.36	290.50
Profit / (Loss) after tax	<b>1,239.78</b>	<b>841.01</b>
Other comprehensive (Loss)/income (net of tax)	0.44	(3.26)
Total comprehensive income after tax	1,240.23	837.75
Appropriations from profit after tax	-	-
Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	247.96	168.20
Balance carried forward to Balance Sheet	992.27	669.55

Summary of financial and operational performance of your Company is reported in detail in the Management Discussion and Analysis (MDA) Report and the same is enclosed as **Annexure-1**.

### Share Capital:

During the reporting period, changes in Equity Share Capital is as under:

*(Amount in INR Million)*

S No.	Type of Equity Share Capital	Equity Share Capital as on March 31, 2022	Increase during the year	Equity Share Capital as on March 31, 2023
1	Authorized Share Capital	9,579.72	3,500.00	13,079.72
2	Issued, Subscribed and Paid-Up Share Capital	9,579.72	1,521.73	11,101.46

Note: The Company has only one class of share i.e., Equity Shares (Face Value of INR 10 Each).

### 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 a sum of 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 (RBI) from time to time.

For FY'23 INR 247.96 Million has been transferred from surplus of profits towards Statutory Reserve fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.



**Dividends:**

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

**Transfer of Unclaimed Dividend to Investor Education and Protection Fund:**

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

**Material changes affecting the financial position:**

There have been no material changes and commitments affecting the financial position of your Company which occurred between the Financial Year Ended March 31, 2023, and as on the date of this Report.

**Change in nature of the Business (if any):**

Your Company has continued the business of vehicle financing, dealer financing and vehicle leasing during the reporting period and hence there was no change in the nature of the business carried out.

**Details of Board / Committee(s) composition, meeting etc.:**

For details of the meetings of the Board / Committees, including the details of Directors or Key Managerial Personnel who were appointed or have resigned during the year, please refer to the Corporate Governance Report, which forms part of this Board's Report and is enclosed as **Annexure-2**.

Further a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year is included in the Corporate Governance Report, which forms part of this Board's Report and the same is enclosed as **Annexure-2**.

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

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

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

**Details of Appointment of Women Director:**

As per Section 149(1) of the Companies Act, 2013, Ms Sunita Rajiv Handa continues to be the Independent Women Director on the Board of the Company.



**Details of appointment of Independent Director(s) and Declaration given by Independent Director(s), Meeting of the Independent Directors and Familiarization Program:**

The same forms part of the Corporate Governance Report, which forms part of this Annual Report and the same is enclosed as **Annexure-2**.

**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 any more information as it may deem necessary to conduct 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 the Company's business.
- Director should possess highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.
- The appointed Director must enter into a deed of covenant with the Company as per the format provided by RBI from time to time.

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

The manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is provided in the Corporate Governance Report, which forms part of this Board's Report and the same is enclosed as **Annexure-2**.

**Compensation Policy:**

In Compliance with the Reserve Bank of India circular, the Company has in place Board approved Compensation Policy that provides Compensation to be paid to the Key Managerial Personnel (KMP) and Senior Management (SM) to ensure compensation paid to the KMPs and SMs is aligned with the risk profile of the organization and overall performance of the employees.

**Details of Remuneration of the Directors and KMPs:**

Details of Remuneration of the Directors for FY'23, please refer to the Corporate Governance Report, which forms part of this Annual Report and the same is enclosed as **Annexure-2**.



**Code of Conduct:**

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

All the Directors and SM personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board and have also affirmed that they have not entered into any material, financial and commercial transactions having potential conflict of interest with the Company. A declaration to this effect signed by the Managing Director and Chief Executive Officer (MD & CEO) is enclosed as **Annexure-3**.

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification:**

As required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (SEBI Listing Regulations), the CEO and CFO certification is enclosed to the Report as **Annexure-4**.

**Subsidiary Companies:**

Your Company does not have any subsidiary companies, joint ventures or associate companies.

**Deposits:**

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

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

Pursuant to Section 186(11)(a) of the Companies Act, 2013, 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 RBI are exempt from the applicability of provisions of Section 186 of the Companies Act, 2013. As such, the particulars of loans and guarantee have not been disclosed in this Report.

**Related Party Transactions:**

The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013, are provided in Form AOC-2 and the same is enclosed **Annexure-5**.

Moreover, the details of Related Party Transactions are provided in the Annual Audited Financial Statements which forms part of the Annual Report.

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

There is no transaction or pecuniary relationship with the Non-Executive Directors apart from that which is stated in this Report.



**Annual Return:**

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, and Regulation 62(1)(k) of the SEBI Listing Regulations the copy of the Annual Return as on March 31, 2023, will be placed on the website of the Company at <https://www.toyotafinance.co.in/investors/disclosure-under-regulation-62-of-the-lodr.html#Annual-Return>

**Particulars regarding Conservation of Energy, Technology Absorption and foreign exchange earnings and outgo:****A) Conservation of energy and Technology absorption:**

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

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

**B) Foreign Exchange Earnings and Outgo:***(Amount in INR Million)*

Foreign Exchange Earnings	Foreign Exchange Outgo (Expenditure in foreign currency)
NIL	745.26

**Details of Risk Management Policy as per Section 134 (3) (n) of the Companies Act, 2013:**

Risk Management is an integral part of your Company's business strategy. Risk Management is detailed in the MDA Report forming part of this Report appended hereto as **Annexure-1**.

**Corporate Social Responsibility (CSR):**

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

The amount of INR 10.58 Million was budgeted towards CSR activities in terms of the legal requirement. The Company has spent INR 10.58 Million against the activities reported here in **Annexure-6**.

**Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals:**

There are no Significant and Material Orders passed by the Regulators / Courts / Tribunal that impact the going concern status of your Company and its future operations.

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

Your Company has in place Policy on Prevention of Workplace Harassment 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. For details of cases of sexual harassment, please refer to the Corporate Governance Report, which forms part of this Annual Report and is enclosed as **Annexure-2**.



### **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 FY'23 no incident was reported under these Policies.

The Whistle Blower Policy can be assessed at <https://www.toyotafinance.co.in/downloads/whistle-blower-policy.pdf>

### **Statutory Auditors:**

M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W), were appointed as Statutory Auditors of the Company for a period of 3 (Three) years at the 10<sup>th</sup> Annual General Meeting of the Company held on September 28, 2021.

The Board of Directors of the Company and the Audit Committee of the Board have reviewed the eligibility of the M/s. M S K A & Associates, Statutory Auditors of the Company and approved the continuation of their appointment for FY 2022-23 at their respective meetings held on May 23, 2022. Further the continuation of the appointment of M/s. M S K A & Associates for FY 2022-23 was also approved by the Shareholders of the Company at the 11<sup>th</sup> Annual General Meeting of the Company held on September 22, 2022.

### **Statutory Auditors Report & Audit Observation:**

The Statutory Auditor's Report is self-explanatory and there are no qualifications or adverse remarks in the Statutory Auditor's Report. The Company confirms that its financial statements for the financial year 22-23 have unmodified audit opinion. The internal financial controls of the Company with reference to the Financial Statements are adequate.

### **Appointment of Secretarial Auditor and their Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s V Sreedharan and Associates, Practicing Company Secretaries to undertake the secretarial audit.

The Secretarial auditors have conducted the secretarial audit for FY'23 and have provided their report in Form MR- 3, which is enclosed with the Report as **Annexure-10**. There are no adverse remarks in the Secretarial Audit Report.

### **Cost Records:**

The provisions of section 148 of the Companies Act, 2013, relating to maintenance of cost records and cost audit are not applicable to your Company.

### **RBI Guidelines:**

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

Further your Company has been categorized as NBFC - Middle Layer under Reserve Bank of India Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021.

### **Credit Rating:**

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


**General Disclosures:**

Your Directors state that no transaction of below mentioned items took place during the FY'23:

- 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.

**Investors Complaint:**

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

There were no investor complaints lodged during FY'23.

**Secretarial Standards:**

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

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

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

**Penalties / Punishment/ Compounding of Offences under the Companies Act 2013:**

There were no penalties, punishment or compounding of offences during FY'23.

**Breach of covenant:**

The Company has not received any notice from any of lenders/investors for breach of covenants of loan or debt securities issued during the Financial Year Ended March 31, 2023.

**Corporate Governance Report:**

The Corporate Governance Report forming part of this Board's Report is enclosed herewith as Annexure-2.

**Acknowledgement:**

Your Directors place on record their sincere thanks to the Reserve Bank of India, Central and State Governments, Bankers, Business Associates, Consultants, and various Government Authorities for their continued support extended to your Company during the financial year. Your Directors also acknowledges gratefully the Shareholders and other Stakeholders for the continued support and confidence reposed on the Company.

**For Toyota Financial Services India Limited**

**Sd/-**

**Sunita Rajiv Handa**  
**Chairman & Independent Director**  
**DIN: 08215176**

**Date: May 25, 2023**  
**Place: Madikeri, India**

**For Toyota Financial Services India Limited**

**Sd/-**

**Narayanaswamy Raja**  
**Managing Director & Chief Executive Officer**  
**DIN: 06840450**

**Date: May 25, 2023**  
**Place: Bangalore, India**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **State of Company & Results of Operation:**

Your Company is a Systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC) (classified as Investment and Credit Company) regulated by the Reserve Bank of India (RBI). Your Company is categorized under the middle layer of RBI Scale Based Regulations. Your Company is a Captive Finance company of Toyota Group and is mainly engaged in providing financing products and solutions to Toyota dealers and customers. The Company also provides retail auto finance loans to Maruti Suzuki (MSIL) customers. Your Company is also engaged in leasing business for vehicles.

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

### **New Segments:**

Your Company's strong fundamentals driven by strong credit processes, product variants and new segments like used car financing, provide a strong platform for growth. Your Company's financial products are offered by well-trained employees present at Toyota dealerships, who assist customers to complete the entire loan process faster and easier. There has been a continuous endeavor to offer services in new markets and target new customer segments. Your Company has increased its sales footprint by adding 13 new locations in FY'23. Moreover, new finance programs were launched to target customers in rural segments and semi-urban markets. Your Company continues to invest in digitization initiatives and process automation to reduce the TAT in customer acquisition and credit appraisal process. Your Company believes that a faster and easier process is a key factor for quality of customer service, which enables the Company to acquire and retain more customers successfully. Your Company has undertaken projects towards digitization of loan sourcing, loan processing and customer service processes to build a robust customer-centric organization.

Your Company is steadily expanding its Leasing & Mobility solution services under the brand name Kinto. Under Kinto, your Company provides diversified offerings viz. Kinto One (For individual customers) and Kinto Corporate (For Small and Medium size customers and Large Companies customers). In March'22, Kinto India has launched its exclusive website where customers can choose their favorite Toyota car and get the approval seamlessly through digital journey.

Your Company continued its focus on enhancing the geographic coverage and its digital presence by developing Fintech solutions to deliver enhanced Toyota experience to a wider customer base. As of March'23, your Company is present across 223 outlets which accounts for around 92% of overall Toyota sales in India. Your Company disbursed 25,704 contracts for Toyota new cars in FY'23, which constitutes 14.9% of Toyota sales on pan India basis. As of March'23, Your Company maintains close to 1,17,801 live contracts in auto loan portfolio. Your Company also provides used car finance to customers through Toyota U Trust channel present across 109 dealer outlets. Your Company strived to harness growth opportunities in Used Car business space by expanding the distribution and products.



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

The pilot program to offer retail finance loans to Maruti Suzuki customers in India was introduced in FY'21. Your Company had an encouraging response to the pilot phase and currently your Company covers 55 cities across the country servicing the Maruti Suzuki customers. The focus is to leverage your Company's strength as a specialized auto financier and create value for Maruti Suzuki customers by offering customized car loan offerings.

Your Company also offers Inventory funding and term loan to Toyota dealers for supporting their finance requirements. In addition to loan facilities to purchase new cars, used cars and spare parts, your Company also finances dealers for dealership facility expansion. Toyota Kirloskar Motor Private Limited (TKM) is poised to drive higher sales with the launch of new technology models in HYBRID space and expand its footprint by enhancing the dealership network. This offers both opportunities and challenges in the inventory finance business. So balancing profitability and risk management would be the key to profitable growth of inventory finance portfolio.

Outlook for retail business remains strong as various efforts in Process-Digitization, Man-power productivity enhancement, locations expansion and collaboration with TKM would help to increase your Company's penetration.

The balance of loans and advances as of March'23 was INR 89,505 million (previous year INR 70,779), increased by 26.46 % from the previous year. The revenue from operations, of which the main streams are interest income and fee income, was INR 7,373 million vis-à-vis INR 6,780 million in the previous year, while finance cost was at INR 3,953 million vis-à-vis INR 3,400 million in the previous year. Net Interest Income has expanded by INR million over the previous year. Operational expenses including provision for impairment of assets and write off/ loss on sale of bad debts (employee benefits, depreciation and amortization, and others) were at INR 1,803 million vis-à-vis INR 2,251 million in the previous year. The PAT increased from INR 838 million to INR 1,240 million driven by an increase in Net Interest Income and reduction in credit provisions.

#### **Portfolio quality:**

Your Company's gross NPA decreased to 4.08% as compared to 5.38% as of March'23. With focused efforts towards collections and delinquency management, your Company was able to bring down its delinquencies. After netting off with credit loss provisions, Net NPA ratio was 1.90 % for FY'23 vis-à-vis 2.41% in the previous year.

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

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

### **Global Economic Outlook:**

FY'23 started amidst heightened war tension between Russian & Ukraine, very high inflation across the world economies triggering unexpectedly rapid and synchronous monetary policy tightening around the world to contain it, including across major advanced economies and later turning into financial sector turmoil by end of the year in different parts of the globe. The Central Banks of these countries took swift action in order to prevent another financial meltdown.

Monetary policy tightening was necessary to curb down the inflation, but it has significantly contributed to worsening of global financial conditions including growth. Sentiment indicators such as purchasing managers' indices have been signaling a sharp slowdown for months and an array of consumer and business confidence indicators have given similar signals. According to World Bank Global Economic Prospects Report, 2023, the forecasted GDP for 2023 will be 1.7%. It has significantly contracted from estimated GDP of 2.9% for 2022.

Soaring inflation reflects a combination of supply and demand factors. According to World Bank, Global inflation has been pushed higher by demand pressures, including those from the lagged effects of earlier Covid related policy support, and supply shocks, including disruptions to both global supply chains and the availability of key commodities. In some countries, inflation has also been spurred by large currency depreciations relative to the U.S. dollar, as well as tight labor market conditions.

Households accumulated significant savings during the pandemic along with fiscal support and monetary easing rolled out during the pandemic. However, they are facing heavier debt-servicing burdens, eroding their savings and leaving them more vulnerable to default. The steep increase of residential mortgage rates has cooled global housing demand.

Financial stability risks have increased rapidly as the resilience of the global financial system has been tested by higher inflation. The emergence of stress in financial markets is complicating the task of central banks at a time when inflationary pressures are proving more persistent than anticipated. Considering the financial sector crisis, although globally central bank communicated about the need to keep monetary policy restrictive for longer, suddenly have started to slow down the pace or pause monetary policy action and further expect easing in advance in advanced economies. Inflation, however, has remained uncomfortably well above target and further monetary policy action could be guided by impact of inflation and risk in financial sector as monetary policy action is felt with a lag.

### **Indian Economy:**

The first fiscal year after two COVID waves started with significant challenges from rising inflation, arising primarily from global supply chain disruptions and currency depreciation. The Headline inflation exceeded the inflation target range of 2%–6%, in the first 10 months starting from Jan'22. It peaked in April'22 at 7.8%. Rising food and fuel prices pushed inflation up. To control inflation, RBI has tightened the monetary policy in a series of hikes since April'22. It has hiked the Repo rates by 250 bps in FY'23 to 6.50%, higher than the pre-pandemic level (5.15%) and maintained the stance as withdrawal of accommodation.

Amidst the challenging environment, India's real gross domestic product (GDP) showed strong signs and growth estimated at 7.0% in FY'23. The growth was spurred by private consumption and investment.

The GDP is estimated to be 6.5% for the full year by RBI. Growth is expected to be constrained by slower consumption growth and challenging external conditions. Rising borrowing costs and slower income growth will weigh on private consumption growth, and government consumption is projected



to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures. FY'24 is expected to see faster growth in investment, due to supportive government policies and sound macroeconomic fundamentals, lower nonperforming loans in banks, and significant corporate deleveraging that will enhance bank lending.

In April'23 Monetary Policy, RBI kept the policy rates unchanged and April'23 print of CPI @4.7% also shows that the action taken by Central Bank is fructifying now. However, the Central Bank is projecting the inflation to 5.2% for FY'24 considering unstable food prices owing to monsoons, imported inflation risks and lagged passthrough of input costs.

#### **Auto Sector:**

The total retail sales of vehicles in India witnessed a 15.28% rise to 21.1 million units in 2022 led by record sales of passenger vehicles and tractors. In 2022, commercial vehicles retail sales stood at 8,65,344 units, as against 6,55,696 units in 2021, a growth of 31.97%.

Two-wheeler retail sales were up 13.37% to stood at 1,53,88,062 in 2022 from 1,35,73,682 units in 2021. Passenger vehicles (PV) retail sales were up 16.35% to 34,31,497 units in 2022 from 29,49,182 units in 2021. India's passenger vehicle sales grew 26.7% in FY'23, as chip shortages eased and demand for sport utility vehicles (SUVs) surged, auto industry body SIAM data showed. The Electric Vehicle sales increased by over 58% in FY'23 when compared to sales in FY'22.

All classes of electric vehicles showed a big growth in FY'23. The electric 4-wheelers sales increased 193% this fiscal with more than 47,000 sales compared to 16,000 electric cars being sold last fiscal year. As FY'23 will also see acceleration in adoption of electric vehicles, which has already started taking root in FY'22, especially in the two-wheelers segment.

Automotive dealer's body - Federation of Automobile Dealers Associations (FADA) noted that the PV segment still continues to hold a strong order book for several models which is expected to continue for a few months. Rating agency ICRA expects the industry demand to remain steady and volumes to grow by 6-9% in FY'24. "The capex outlay for OEMs is estimated to remain heightened (an estimated outlay of INR 650 billion over FY'23-FY'25, with the OEMs also budgeting for a substantial outlay towards new product development, including development of capabilities/platforms for electric vehicles". Passenger vehicle sales are expected to grow about 9%-10% in the next fiscal, around 20% above pre-pandemic peak levels, owing to strong demand and easing of chip shortage. Higher incomes and a strong order book driven by pent-up demand, especially for sport utility vehicles (SUVs), will support domestic growth even as exports remain sluggish, helping vehicle sales touch a record of 5 million units in the next fiscal year. SUVs are expected to nearly double their share in overall domestic sales to roughly 55% in FY'24 from about 28% in FY'18.

To keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry attracted Foreign Direct Investment equity inflow (FDI) worth US\$ 33.77 billion between April'00-Sept'22, accounting for 5.48% of the total equity FDI during the period.

The Government of India encourages foreign investment in the automobile sector and has allowed 100% FDI under the automatic route. Some of the recent initiatives taken by the Government of India are:

- In July'22, the Government amended the National Policy on Biofuels – 2018. The target of 20% blending of ethanol in petrol and 5% blending of biodiesel in a diesel by 2030 was brought forward to FY'26.

- As of July 15, 2022, under the FAME India Scheme I & II, a total of 532 EV charging stations have been installed by oil companies under the Ministry of Petroleum and Natural Gas (MoPNG).
- In the Union Budget FY'23, the government laid out the following initiatives:
  - The government introduced a battery-swapping policy, which will allow drained batteries to be swapped with charged ones at designated charging stations, thus making EVs more viable for potential customers.
  - India's National Highways would be expanded by 25,000 km in FY'23 under the Prime Minister's Gati Shakti Plan.
- In Sept'21, the Indian government issued a notification regarding a PLI scheme for automobile and auto components worth INR 25,938 crore (US\$ 3.49 billion). This scheme is expected to bring investments of over INR 42,500 (US\$ 5.74 billion) by 2026 and create 7.5 lakh jobs in India.
- The Indian government has planned US\$ 3.5 billion in incentives over five years until 2026 under a revamped scheme to encourage the production and export of clean technology vehicles.

#### **NBFC and Auto Finance Sector:**

Portfolio outstanding (value) of Auto Loans at INR 4,714 Bn as of March'22, 8.3% Y-o-Y growth by value and 5.4% Y-o-Y growth by active loans (volume). Auto Loans witnessed 23% growth in Originations (by value) and 8.5% growth in Originations (by volume) from FY'21 to FY'22. Private Banks, Public Sector Banks and NBFCs have good presence in Auto Loans

In FY'23, NBFCs credit growth has returned to pre-pandemic levels for most categories. NBFCs loan have grown (15.1%). NIMs have been higher for NBFCs on account of higher yields; CIR increased in H1FY'23 across players on account of higher Opex. Credit costs and GNPA continue a downward trend across player groups. There has been an improvement in asset quality post pandemic for most categories, decline in HFCs led to neutral industry performance. NBFCs are well capitalized with CRAR well above 15% - as required by RBI.

Due to the tight monetary policy pursued by RBI to tame inflation, interest rates have risen and liquidity conditions remain tight. Net Interest Margins of NBFCs may shrink due to inability to pass on increased cost of funds to customers entirely.

Small, mid-sized NBFCs have seen up to 200 bps jump in borrowing costs. Yield on the government bonds has spiked as global and domestic inflationary pressures led central banks globally to scale back pandemic-era easy money programmes.

Vehicle Finance, the second largest segment (20%-25% of NBFC AUM), is expected to grow at 13-14% next fiscal compared with an estimated 12% this fiscal on the back of solid underlying asset sales. New launches will continue to drive car and utility vehicles sales.

The ongoing rebound in economic activity, demand for fleet replacement, and focus on last-mile connectivity will support commercial vehicle sales. In the new vehicle finance segment, especially PV, interest rate sensitivity of borrowers is high so competition from banks remains tough given their ability to offer finer pricing.

NBFC sector is well poised to tap growth opportunities in the medium term despite competition from Banks. However, geopolitical issues, sharper-than-expected increase in interest rates, and inflation will bear watching.



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

#### **Collections:**

The post covid scenario has impacted customers behavior tremendously which in return has impacted the overall collection strategy. Your Company is working on residual delinquent account pool and adopted a multi-pronged approach for collections by using automation. Continuous monitoring of portfolios, increased customer engagement, increased focus across various stages of debtors, focusing on NPA reversal and write off recoveries, rigorous coordination, were some of the many initiatives undertaken by your Company for greater risk controls and better collection efficiency. With the implementation of the above strategies, your Company was able to mitigate challenges posed by post Covid factors and bring down delinquencies to manageable levels.

#### **Borrowings:**

In FY'23, your Company's borrowing profile continued to be diversified and raised long-term funds through domestic Non-Convertible Debentures, long term loans from banks, External Commercial Borrowings from Banks and Group Companies.

Your Company's borrowing portfolio as of March'23 consists of 32% by domestic Non-convertible Debentures, 3% by Commercial Papers (CPs), 43% by bank loans, 8% by External Commercial Borrowing from Group Company (Group ECB Loan), and 14% by External Commercial Borrowing (ECB Loans) on a fully hedged basis. Your Company continues to maintain appropriate mix of long- and short-term borrowings for healthy asset liability position.

Your Company continues to maintain a conservative approach and foremost importance to liquidity risk management throughout FY'23. Your Company has maintained cash / cash equivalents and HQLA, over and above unutilized bank lines to meet any potential liquidity shocks. Your Company continues to invest in High Quality Liquid Assets ("HQLA"), for the purpose of maintaining Liquidity Coverage Ratio ("LCR") as mandated by RBI for NBFCs. Your Company continues to maintain strong relationship with various banks and avails credit facilities, including committed facilities, from multiple banks. Your Company has continued to enjoy a liquidity indicator of "Superior / Strong" from both CRISIL Limited and ICRA Limited.

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

#### **Risk Management:**

There are various types of risks that your Company is exposed to. Some of them can be assessed to be Credit Risk, Market Risk, and Operational Risk etc. Your Company is investing resources diligently into building a strong and efficient Enterprise Risk Management framework. During FY'23 your Company constituted the Risk Management Committee of the Board as per the requirement of the SEBI Listing Obligations and Disclosure Requirements Regulations.

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

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

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

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

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

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

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

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

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

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

**Currency Risk** is foreign currency exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises primarily on account of foreign currency receivable or payables and foreign currency borrowings. Your Company has borrowed foreign currency overseas loans under the RBI regulations of External Commercial Borrowings and has hedged currency exposure including the interest payable in future through SWAPs to minimize the unhedged foreign currency exposure.

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

**Operational Risks** arise from the risk of loss resulting from inadequate or failed internal processes, people, or systems. They also arise from external events. Your company adopts a proactive approach to risk management and addresses risks 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. in the Risk Management Committee (RMC) meetings. These incidents are reported to the top management and possible countermeasures are discussed; post which the relevant department takes necessary action.

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

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

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

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

**Maintaining Business Continuity:** Your Company this year did not meet any disaster situations. However, efforts continued to enhance the capability to manage any eventuality for ensuring Business Continuity. Your Company conducted the Business Continuity Tabletop test and IT Systems disaster recovery drill to prepare designated people to respond to and recover from disaster situations.

Further, your Company carried out a detailed Impact Analysis of the current Business context, has revised Business Continuity requirements and re-defined Recovery objectives (Recovery Time Objective & Recovery Process Objective). Your Company is working on strengthening recovery capability to meet the revised Recovery Objectives.

#### **Internal Financial Control:**

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



### **Information Technology/Project Office:**

Your Company's IT Infrastructure and systems remained stable enabling smooth business operations and hybrid working model with employees working from Office or home. Your Company maintained > 99.90% systems availability supporting the steeply increased workloads throughout the year.

Your Company has stepped up the execution of Digital strategy initiatives to enhance customer experience and improve Productivity. As a result of these intense efforts, your Company successfully implemented key projects related to Customer Sourcing, Credit Decisioning, Paperless processing and digital Customer Services this year and has setup ground to launch more digital initiatives next year to enhance Customer onboarding and services experience further.

Your Company continued to focus on maintaining the security posture through robust security operations and ensured "Zero" security incidents in FY'23. Efforts continued further to enhance the awareness levels across Organization and strengthen overall capability to manage various risks posed by evolving security threats. Information and Cyber security will continue to remain a prime focus for your Company which is heading towards Zero-trust state.

### **Human Resources:**

Your Company steadily progresses towards developing an agile workforce that will build a sustainable organization for the future. FY'23 ended with an overall head count of 578. Total of 241 employees were hired and onboarded in FY'23, However, your Company had 152 employee exits in FY'23.

### **HR initiatives:**

Certain initiatives have been taken to address the attrition and increase the employee engagement score:

1. People connect sessions, focus group discussions and skip level meetings.
2. Enhanced the employee communication channels including Ignition Point meetings.
3. Implemented "Work from Home" Policy

### **People Development:**

Your Company continues to drive focus on "People Development" initiatives towards ensuring sustained development of employees, analyzing the training needs through a detailed Training Need identification process, which includes Toyota global content trainings such as Toyota Way Foundations, Toyota Best Practices (TBP), Ji-Kotei-Kanketsu (JKK) and On the Job Development (OJD) etc. Total 14 sessions of trainings were conducted during FY'23 which covered 284 employees.

### **Toyota Way:**

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 of the new "Toyota Way 2020" and launched the "Toyota Way of Working" model to transform employees into true "Toyota Professionals"

### **Employee Engagement:**

With continuous focus on the employee engagement initiatives and strong people development approach and aligning the employees to Toyota way values and philosophy, your Company has achieved an overall improvement in the employee engagement metrics compared to the industry benchmarks.

### **Corporate Social Responsibility:**

With continuous focus on committed efforts towards the community by means of Corporate Social Responsibility (CSR) program and with the active involvement of employees, your Company have completed the FY'23 CSR projects as per the plans. The entire budget was utilized appropriately against the planned activities in time. This year also focused on education and special education for



underprivileged children. Your Company's objective is to support society with good education facilities and infrastructure, so as to enable to underprivileged children with proper education.

- Constructed a government lower primary school building in the rural outskirts of Bangalore, at Mylanayakana Hosahalli, Channapatna Taluk, Ramanagar District. This was an extension to FY'21 project to rebuild the old school building blocks. This project provides good infrastructure, hygienic toilets, books and school bags and kitchen equipment and utensils, facilitating 270 students. Project was completed as per the plan and handing over is planned in Q-1 2023-24.
- Continued support in existing CSR projects, through necessary improvements and maintenance, based on the feasibility study and need analysis.
- Supported to the society by contributing to the Prime Minister's relief fund to support various relief activities being undertaken by the Government of India.

**Significant Changes in Key Financial Ratios:**

In compliance with the requirement of the SEBI LODR Regulation, details of significant changes in key financial ratios i.e., change of 25% or more as compared to the immediately previous financial year, along with detailed explanations thereof is given below:

S No.	Particulars	March 31, 2023	March 31, 2022	% Change	Reason for such change
1	Current Ratio	1.33	1.05	26.67%	Mainly due to increase in loan receivables & decrease in short term borrowings.
2	Net Profit Margin	16.74	12.4	35.00%	Mainly due to reduction in risk cost owing to reversal of credit provisions.

**For Toyota Financial Services India Limited**

**Sd/-**

**Sunita Rajiv Handa**  
Chairman & Independent Director  
DIN: 08215176

**Date: May 25, 2023**  
**Place: Madikeri, India**

**For Toyota Financial Services India Limited**

**Sd/-**

**Narayanaswamy Raja**  
Managing Director & Chief Executive Officer  
DIN: 06840450

**Date: May 25, 2023**  
**Place: Bangalore, India**

## Corporate Governance Report

### **1. A brief statement on the Company's philosophy on Code of Governance:**

The Company believes in maintaining high standards of corporate governance which is key to ensure its long-term success and is committed to protecting and maximizing interest of its stakeholders. The Company aims at achieving not only the highest possible standards of legal and regulatory compliances, but also of effective management through effective policies/guidelines and procedures conforming to the applicable laws.

The Compliance philosophy of the Company shall include the following:

- I. Obey laws, rules, regulations, various codes of conduct and adherence to Fair Practice Code.
- II. Take steps to ensure protection of confidential information concerning the Company, customers or employees.
- III. Manage conflicts of interest.
- IV. Treat customers fairly, with the larger objective of delivering efficient customer service.

### **2. Board of Directors:**

Below is the list of Directors as on March 31, 2023:

Name of the Directors	Designation	DIN	Director since	No. of other Directorships*	Core skills / expertise / competencies	No. of shares held <sup>#</sup>
Mr Narayanaswamy Raja	MD & CEO	06840450	13.02.19	NIL	Leadership, Strategy, Finance, Sales & Marketing, Operations, Company Administration.	1
Mr Masayoshi Hori	Non-Executive Director (NED)	09602549	03.08.22	NIL	Leadership, Strategy, Finance, Sales & Marketing, Operations, Company Administration.	1
Ms Sunita Rajiv Handa	Independent Director (ID)	08215176	10.09.21	NIL	Leadership, Strategy, Finance, Information Technology, Banking, Governance.	NIL
Mr Venkatraman Prakash	Independent Director (ID)	00102091	14.11.22	Fargrow Finance and Investments Private Limited	Leadership, Strategy, Finance, Legal, Banking, Governance, Mergers & Acquisition, Risk.	NIL

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

<sup>#</sup>Beneficial Ownership in shares is held by Toyota Financial Services Corporation (TFSC).

Below is the list of Key Managerial Personnel (KMP) as on March 31, 2023:

Name of the KMP	Designation	DIN	KMP since	No. of other Directorships*	No. of shares held
Mr Anupam Vasdani	Chief Financial Officer (CFO)	NA	23.02.21	NIL	NIL
Mr Nithya Prabhu R	Company Secretary (CS)	NA	27.02.20	NIL	NIL

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

- During FY'23, Mr Manabu Ueno completed his tenure as Whole-Time Director (WTD) effective December 31, 2022. Moreover, Mr Masakazu Yoshimura and Mr Hao Quoc Tien have resigned as Non-Executive Director of the Company effective June 8, 2022, and August 10, 2022, respectively. The Board places on record its appreciation for the valuable service and guidance provided by Mr Masakazu Yoshimura, Mr Hao Quoc Tien and Mr Manabu Ueno during their tenure. The aforesaid three Directors were holding 1 (one) share each for and on behalf of TFSC (Holding Company) which was subsequently transferred after their retirement / resignation.
- Mr Masayoshi Hori, retires by rotation in the ensuing Annual General Meeting (AGM) of the Company and being eligible, offers himself for re-appointment. A resolution seeking Shareholders' approval for his re-appointment will form part of the AGM Notice.
- Details of appointment of Independent Directors and Declaration given by Independent Directors: Ms Sunita Rajiv Handa was re-appointed as an Independent Director for a second term of 2 (two) years effective from September 10, 2022, to September 9, 2024, and Mr Venkatraman Prakash was appointed as an Independent Director for a first term of 1 (one) year effective from November 14, 2022, to November 13, 2023. In terms of Section 150 of the Companies Act, 2013, read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs, Manesar.
- Pursuant to the provisions of Section 203 of the Companies Act, 2013, the following persons continue to be the Key Managerial Personnel of the Company during FY'23:
  - Mr Narayanaswamy Raja, MD & CEO,
  - Mr Manabu Ueno, WTD
  - Mr Anupam Vasdani, CFO and
  - Mr Nithya Prabhu R, CS.

#### **Composition of the Board and Committees of the Board:**

Details of the composition of the Board and its Committees as on March 31, 2023, are as under:

Directors	Mr Narayanaswamy Raja (MD & CEO)	Mr Masayoshi Hori (NED)	Ms Sunita Rajiv Handa (ID)	Mr Venkatraman Prakash (ID)
Board of Directors	✓	✓	✓	✓
Audit Committee	X	✓	✓ Chairman	✓
Nomination & Remuneration Committee	X	✓	✓ Chairman	✓
Corporate Social Responsibility (CSR) Committee	✓ Chairman	X	✓	✓
Information Technology (IT) Strategy Committee	✓	X	✓ Chairman	X



Risk Management Committee	✓ Chairman	X	✓	X
Stakeholders Management Committee	✓	X	✓	✓ Chairman

**Note:**

- IT Strategy Committee: In addition to the Board Members, the Committee has Mr Kazuo Noda, Executive Vice President, Mr Harish Sharma C L, Chief Information Officer, Mr Anupam Vasdani, Chief Financial Officer, Mr Khizar Momin, Head - Digital Solutions and Mr Ravi Ponnepati, Head - IT Services as its members.
- Risk Management Committee: In addition to the Board Members, the Committee has Mr Kazuo Noda, Executive Vice President as its Member.
- Ms Sunita Rajiv Handa has been designated as Chairman of the Board effective from April 1, 2023.
- Mr Venkatraman Prakash has been designated as Chairman of the Audit Committee and Nomination & Remuneration Committee effective from April 1, 2023.

Details of the five Board Meetings held during FY'23 along details of attendance at the last AGM:

Name of the Directors	Board Meeting dates					No. of Meetings	Attended during the year	% of Attendance	AGM September 22, 2022
	23.05.22	12.08.22	14.11.22	22.12.22	13.02.23				
Mr Narayanaswamy Raja	Y	Y	Y	Y	Y	5	5	100 %	Y
Mr Manabu Ueno @	Y	Y	Y	Y	NA	4	4	100 %	Y
Mr Masakazu Yoshimura *	Y	NA	NA	NA	NA	1	1	100 %	NA
Mr Hao Quoc Tien #	N	NA	NA	NA	NA	1	0	0 %	NA
Mr Masayoshi Hori &	NA	Y	Y	N	Y	4	3	75 %	Y
Ms Sunita Rajiv Handa	Y	Y	Y	Y	Y	5	5	100 %	Y
Mr Venkatraman Prakash \$	NA	NA	NA	Y	Y	2	2	100 %	NA

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

\* Resigned effective from 08.06.22.

& Appointed effective from 03.08.22.

# Resigned effective from 10.08.22.

\$ Appointed effective from 14.11.22.

@ Retired effective from 31.12.22.

- None of the Directors on the Board holds Directorship in more than 7 (seven) equity listed companies. Further, none of the Independent Directors (IDs) of the Company serves as an ID in more than 7 (seven) equity listed companies. None of the IDs serve as a Whole-Time Director / Managing Director in any listed entity. None of the Directors holds directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies. None of the Directors is a member of more than 10 committees or acts as Chairman of more than 5 committees (being Audit Committee and Stakeholders Relationship Committee, as per Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI Listing Regulation") across all the public limited companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies if any as on March 31, 2023, have been made by the Directors.



- The Board periodically reviews the compliance reports of all laws applicable to the Company. During FY'23, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- None of the Directors are related inter-se.
- The Board has constituted Committees with specific terms of reference to focus on specific areas. These include the Audit Committee, Nomination and Remuneration Committee, IT Strategy Committee, CSR Committee, Risk Management Committee and Stakeholders Relationship Committee.
- The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board/respective Committees of the Board at their next Meetings.
- All the Board and Committee Meetings were duly convened and held and the Minutes of the same have been properly recorded. The Minutes and the gist of Minutes of Meetings of all Committees of the Board were circulated to the Board of Directors for noting.
- Independent Directors have given the declaration under Sub-section 3(d) of Section 134 read with Section 149(6) of the Companies Act, 2013, and Regulation 25(8) read with Regulation 16(1)(b) of the SEBI Listing Regulations. The declarations were placed before the Board and the same were taken on record. There has been no change in the circumstances affecting their status as independent directors of the Company.
- In the opinion of the Board, Ms Sunita Rajiv Handa and Mr Venkatraman Prakash are persons of integrity having requisite expertise and experience (including the proficiency) and the Independent Directors continue to fulfil the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and are independent of the management of the Company. The IDs have also completed the proficiency test for IDs as mandated under the Companies Act, 2013.
- Meeting of the Independent Directors: During FY'23, 1 (one) Meeting of the Independent Directors was held on February 13, 2023, where all the Independent Directors attended the meeting. The Independent Directors, inter-alia, reviewed the performance of the Non-Independent Directors, Board as a whole and the Chairman/MD & CEO of the Company.
- The details of familiarization programmes imparted to the Independent Directors are available on the website of the Company at <https://www.toyotafinance.co.in/downloads/details-of-familiarization-programme.pdf>
- None of the Independent Directors resigned during FY'23.

#### **Audit Committee (AC):**

##### **Terms of Reference:**

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

Details of composition of the Committee and its four Meetings held during FY'23:

Name of the Directors	Capacity	AC Meeting dates				No. of Meetings	Attended during the year	% of Attendance
		23.05.22	12.08.22	14.11.22	13.02.23			
Ms Sunita Rajiv Handa	Chairman	Y	Y	Y	Y	4	4	100
Mr Manabu Ueno	Member <sup>§</sup>	Y	Y	Y	NA	3	3	100
Mr Hao Quoc Tien	Member *	N	NA	NA	NA	1	0	0
Mr Masayoshi Hori	Member *	NA	Y	Y	Y	3	3	100
Mr Venkatraman Prakash	Member &	NA	NA	NA	Y	1	1	100

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

\* Committee re-constituted to induct Mr Masayoshi Hori in place of Mr Hao Quoc Tien effective 03.08.22.

& Member effective 14.11.22.

<sup>§</sup> Retired effective 31.12.22.

- The composition of the AC is in line with the provisions of Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI Listing Regulations. All the Members have the ability to read and understand financial statements and have relevant finance and / or audit experience.
- During FY'23, the Board accepted all recommendations of the AC.
- The previous AGM of the Company was held on September 22, 2022, and was attended by Ms Sunita Rajiv Handa, then Chairman of the AC.

#### **Nomination and Remuneration Committee (NRC):**

##### **Terms of Reference:**

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

Details of composition of the NRC and its five Meetings held during FY'23:

Name of the Members	Capacity	NRC Meeting dates					No. of Meetings	Attended during the year	% of Attendance
		23.05.22	12.08.22	14.11.22	22.12.22	13.02.23			
Mr Masakazu Yoshimura	Chairman*	Y	NA	NA	NA	NA	1	1	100
Ms Sunita Rajiv Handa	Chairman <sup>#</sup>	Y	Y	Y	Y	Y	5	5	100
Mr Hao Quoc Tien	Member <sup>§</sup>	N	NA	NA	NA	NA	1	0	0
Mr Masayoshi Hori	Member <sup>§</sup>	NA	Y	Y	N	Y	3	3	100
Mr Manabu Ueno	Member &	NA	Y	Y	NA	NA	2	2	100
Mr Venkatraman Prakash	Member &	NA	NA	NA	Y	Y	2	2	100

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

\* Resigned effective 08.06.22.

# Chairman effective 03.08.22.

\$ NRC re-constituted to induct Mr Masayoshi Hori in place of Mr Hao Quoc Tien effective 03.08.22.

& NRC re-constituted to induct Mr Venkatraman Prakash in place of Mr Manabu Ueno effective 14.11.22.

- The composition of the NRC is in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations.
- During FY'23, the Board accepted all recommendations of the NRC.
- The previous AGM of the Company was held on September 22, 2022, and was attended by Ms Sunita Rajiv Handa, then Chairman of the NRC.
- **Performance Evaluation of the Board and its Committees:**  
In accordance with the policy for Directors Appointment, Re-Appointment and Evaluation (available at <https://www.toyotafinance.co.in/downloads/Directors-Appointment-and-Evaluation-Policy.pdf>), the Board and Committees were evaluated during FY'23 as below:

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

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

Performance evaluation report of all the Directors was taken on record by Board of Directors and Nomination and Remuneration Committee at their respective Meetings held on February 13, 2023.

- **Succession Planning Policy:**  
In Compliance with the applicable Reserve Bank of India circular and SEBI Listing Regulations, the Company has in place Board approved Succession Planning Policy and Plan. Succession planning involves the process of selecting and developing key talent to ensure the continuity of critical roles. It involves identification for the said roles, assessment of their potential and developing the next generation of leaders as potential successors for key leadership roles in the organization. The Company strives to maintain an appropriate balance of skills and experience, within the organization and the Board, in an endeavor to introduce new perspectives, whilst maintaining experience and continuity.

**Information Technology Strategy Committee (ITSC):**
**Terms of Reference:**

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

Details of composition of the ITSC and its four Meetings held during FY'23:

Name of the Members	Capacity	ITSC Meeting dates				No. of Meetings	Attended during the year	% of Attendance
		23.05.22	12.08.22	14.11.22	13.02.23			
Ms Sunita Rajiv Handa	Chairman	Y	Y	Y	Y	4	4	100
Mr Anupam Vasdani	Member	Y	Y	Y	Y	4	4	100
Mr Harish Sharma CL	Member	Y	Y	Y	Y	4	4	100
Mr Manabu Ueno	Member <sup>&amp;</sup>	Y	Y	Y	NA	3	3	100
Mr Narayanaswamy Raja	Member	Y	Y	Y	Y	4	4	100
Mr Khizar Momin	Member <sup>*</sup>	NA	Y	Y	Y	3	3	100
Mr Ravi Ponnampati	Member <sup>*</sup>	NA	Y	Y	Y	3	3	100
Mr Kazuo Noda	Member <sup>#</sup>	NA	NA	NA	Y	1	1	100

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

<sup>&</sup> Retired effective 31.12.22.

<sup>\*</sup> Members effective 23.05.22.

<sup>#</sup> Member effective 01.01.23.

**Corporate Social Responsibility (CSR) Committee:**
**Terms of Reference:**

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

Details of composition of the CSR Committee and its three Meetings held during FY'23:

Name of the Directors	Capacity	CSR Committee Meeting dates			No. of Meetings	Attended during the year	% of Attendance
		23.05.22	14.11.22	13.02.23			
Mr Narayanaswamy Raja	Chairman	Y	Y	Y	3	3	100
Mr Manabu Ueno	Member <sup>*</sup>	Y	Y	NA	2	2	100
Ms Sunita Rajiv Handa	Member	Y	Y	Y	3	3	100
Mr Venkatraman Prakash	Member <sup>#</sup>	NA	NA	Y	1	1	100

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

<sup>\*</sup> Retired effective 31.12.22.

<sup>#</sup> Member effective 01.01.23.

- The composition of the CSR Committee is in line with the provisions of Section 135 of the Act.

- During FY'23, the Board accepted all recommendations of the CSR Committee.

#### **Risk Management Committee (RMC):**

The Board level RMC was constituted vide Board Resolution dated November 14, 2022.

##### **Terms of Reference:**

The terms of reference of the Committee are in line with the regulatory requirements and includes to discuss risk pertaining to various departments such as Operations, Credit, Treasury, Human Resources, Information Technology and Compliance, assess in detail the Retail and Wholesale Credit Risk, Liquidity Risk, IT Security Risk and Compliance Risk amongst others, monitor risks associated with Outsourcing arrangements, evaluate risks related to cyber security and review mitigation procedures of such risks, formulate and monitor implementation of Risk Management Policy of the Company. The Risk Management Policy shall be periodically reviewed by the RMC, keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken, appointment, removal and terms of remuneration of the Chief Risk Officer.

Details of composition of the Committee and the Meeting held during FY'23:

Name of the Directors	Capacity	RMC Meeting date	No. of Meetings	Attended during the year	% of Attendance
		13.02.23			
Mr Narayanaswamy Raja	Chairman	Y	1	1	100
Mr Kazuo Noda	Member #	Y	1	1	100
Ms Sunita Rajiv Handa	Member	Y	1	1	100
Mr Manabu Ueno	Member *	NA	NA	NA	NA

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

\* Member effective from 14.11.22 to 31.12.22.

# Member effective 01.01.23.

- The composition of the RMC is in line with the provisions of Regulation 21 of SEBI Listing Regulations.

#### **Stakeholders Relationship Committee (SRC):**

The SRC has been constitution vide Board Resolution dated November 14, 2022.

##### **Terms of Reference:**

The terms of reference of the Committee are in line with the regulatory requirements and includes to monitor and resolve in a timely manner, the grievances/complaints of the security holders of the Company related to transfer / transmission of shares / securities, non-receipt of annual report, non-receipt of declared dividend, issue of new / duplicate certificates, general meetings, etc., review adherence to the service standards in respect of the services being rendered by the Registrar & Transfer Agent (RTA), review of measures taken for effective exercise of voting rights by Shareholders of the Company, review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends, if any and ensuring timely receipt of dividend /annual reports / statutory notices, if any, by the Shareholders of the Company.

Details of composition of the Committee and the Meeting held during FY'23:

Name of the Directors	Capacity	SRC Meeting date	No. of Meetings	Attended during the year	% of Attendance
		13.02.23			
Mr Venkatraman Prakash	Chairman	Y	1	1	100
Mr Narayanaswamy Raja	Member	Y	1	1	100
Ms Sunita Rajiv Handa	Member #	Y	1	1	100
Mr Manabu Ueno	Member *	NA	NA	NA	NA

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

\* Member effective from 14.11.22 to 31.12.22.

# Member effective 01.01.23.

- The composition of the SRC is in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations.
- Name, designation and address of the Compliance Officer:  
Mr Nithya Prabhu R, Head – Legal & Company Secretary.  
No. 21 Centropolis, First Floor, 5th Cross,  
Langford Road, Shanti Nagar,  
Bangalore – 560025 (Karnataka).  
Email: [cs@tfsin.co.in](mailto:cs@tfsin.co.in)  
Telephone No.: 080 - 4344 2800
- Details of Complaints received from the Debenture holders and redressed during FY'23 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	NIL	NIL	NIL

- During FY'23, no complaint was received from the Equity Shareholders of the Company.
- Detail of the Debenture Trustees with full contact details:  
Vistra ITCL (India) Limited  
6th Floor, The IL&FS Financial Center,  
Plot No. C-22, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051  
Tel: +91 22 26593535  
<https://www.vistraitcl.com/investor-grievances>

### 3. General Body Meetings:

Details of last three Annual General Meetings held are as under:

S no.	Type of Meeting	Date, time and Place	Special Resolutions passed
1	Eighth Annual General Meeting	Date: 19.08.19 Time: 4:00 PM Place: Registered office of the Company at No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar Bangalore-560025	1. Appointment of Mr Ashok Rao Baswa (DIN: 01517632) as an Independent Director for an initial period of 1 (one) year.

2	Ninth Annual General Meeting	Date: 24.09.20 Time: 1:30 PM Place: Through Video Conference - Deemed to be held at registered office of the Company.	1. Re-appointment of Mr Ashok Rao Baswa (DIN: 01517632) as an Independent Director for a period of 3 (three) years. 2. Alteration of Articles of Association 3. Change in borrowing limit of the Company 4. Issue of Non - Convertible Debentures
3	Tenth Annual General Meeting	Date: 28.09.21 Time: 2:00 PM Place: Through Video Conference - Deemed to be held at registered office of the Company.	1. Issue of Non - Convertible Debentures. 2. Appointment of Ms Sunita Rajiv Handa (DIN: 08215176) as an Independent Director of the Company for an initial term of 1 (one) year effective from September 10, 2021, to September 9, 2022.

Details of General Body Meetings held during FY'23 are as under:

S no.	Type of Meeting	Date, Time and Place	Special Resolutions passed
1	Eleventh Annual General Meeting	Date: 22.09.22 Time: 12:00 PM Place: Through Video Conference - Deemed to be held at registered office of the Company.	1. Issue of Non - Convertible Debentures. 2. Re-appointment of Ms Sunita Rajiv Handa (DIN: 08215176) as an Independent Director of the Company for a second term of 2 (two) years effective from September 10, 2022, to September 9, 2024
2	Extra-ordinary General Meeting	Date: 22.12.22 Time: 11:00 AM Place: Through Video Conference - Deemed to be held at registered office of the Company.	1. Increase in the Authorized Share Capital of the Company. 2. Alteration of Capital Clause of the Memorandum of Association of the Company. 3. Issue of Equity Shares on Private Placement /Preferential basis. 4. Re-appointment of Mr Narayanaswamy Raja (DIN: 06840450) as Managing Director and Chief Executive Officer of the Company with effect from February 1, 2023, to December 31, 2023. 5. Appointment of Mr Kazuo Noda (DIN: 09823103) as Whole Time Director of the Company with effect from January 01, 2023, or date of RBI approval, whichever is later. 6. Appointment of Mr V Prakash (DIN: 00102091), as an Independent Director of the Company for an initial term of 1 (one) year effective from November 14, 2022, to November 13, 2023.

- Whether any special resolution passed last year through postal ballot – details of voting pattern – None.
- Person who conducted the postal ballot exercise – Not applicable.
- Whether any special resolution is proposed to be conducted through postal ballot – None.
- Procedure for postal ballot – Not applicable.



#### 4. Remuneration Details:

##### Details of Remuneration of the Executive Directors:

*(Amount in INR Million)*

S No.	Particulars of Remuneration for FY'23	Name of MD/ WTD/ Manager	
		Mr Narayanaswamy Raja	Mr Manabu Ueno
		Managing Director & CEO	Whole-time Director*
1	Gross salary (a) Salary under section 17(1) of the Income-tax Act, 1961 (IT Act) (b) Perquisites u/s 17(2) of IT Act (c) Profits in lieu of salary under section 17(3) of IT Act	18.56	23.83
2	Benefits	0	0
3	Bonus	0	0
4	Details of fixed component and performance linked incentives	0	0
5	Sweat Equity / Stock Options	0	0
6	Commission - as % of profit Commission - others, specify	0	0
7	Others, please specify	0	0
	<b>Total</b>	<b>18.56</b>	<b>23.83</b>

\* Retired effective from December 31, 2022.

##### Details of Sitting Fees paid to the Independent Directors:

*(Amount in INR Million)*

S No.	Particulars of Remuneration for FY'23	Independent Directors	
		Ms Sunita Rajiv Handa	Mr Venkatraman Prakash*
1	Gross salary (a) Salary under section 17(1) of the Income-tax Act, 1961 (IT Act) (b) Perquisites u/s 17(2) of IT Act (c) Profits in lieu of salary under section 17(3) of IT Act	0	0
2	Benefits	0	0
3	Bonus	0	0
4	Details of fixed component and performance linked incentives	0	0
5	Sweat Equity / Stock Options	0	0
6	Commission - as % of profit Commission - others, specify	0	0
7	Others, please specify (in Million) <b>Sitting fee #</b>	0.5	0.2
	<b>Total</b>	<b>0.5</b>	<b>0.2</b>

\* Appointed as an Independent Director effective from November 14, 2022.

# Sitting fee of INR 100,000 was paid on a consolidated basis to the Independent Directors for attending all the Board & Committee Meetings held on a particular day.



- During FY'23, the Independent Directors of your Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any, incurred by them for the purpose of attending Meetings of the Board / Committee of the Company. Further the Company has not paid remuneration to NEDs (other than IDs) and they had no pecuniary relationship or transactions with the Company. The criteria for making payment to NEDs is available at <https://www.toyotafinance.co.in/downloads/criteria-of-making-payment-to-non-executive-directors.pdf>.

#### 5. Means of Communication:

- Quarterly results: <https://www.toyotafinance.co.in/investors/disclosure-under-regulation-62-of-the-lodr.html#Financial-Results>
- Newspapers wherein results normally published: Business Standard (All India Edition)
- Any website, where displayed: <https://www.toyotafinance.co.in/investors/disclosure-under-regulation-62-of-the-lodr.html#Financial-Results>
- Whether it also displays official news releases – No
- Presentations made to institutional investors or to the analysts - Not Applicable

#### 6. General shareholder information:

S No.	Particulars	Details / Comments / Remarks
a	Annual General Meeting - date, time and venue	Kindly refer to Notice of Twelfth Annual General Meeting annexed to this report.
b	Financial year	April 1, 2022, to March 31, 2023.
c	Dividend payment date	The Company has not paid any dividend during FY'23.
d	The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)	Only Secured, Rated, Redeemable, Non-Convertible Debentures issued by the Company on a private placement basis are listed on the National Stock Exchange of India Limited. Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.  Listing Fee as applicable has been paid for FY'23 and FY'24.
e	Stock code	The equity shares of the Company are not listed on the Stock Exchange; hence the Stock code is not applicable.
f	Market price data- high, low during each month in last Financial Year	Not Applicable*
g	Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.	Not Applicable*
h	In case the securities are suspended from trading, the directors report shall explain the reason thereof	During FY'23, none of the securities of the Company were suspended from trading.

i	Registrar to an issue and share transfer agents	Name: KFin Technologies Limited Address: Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone Number: 040-67162222 Website: <a href="https://www.kfintech.com/">https://www.kfintech.com/</a>
j	Share transfer system	Equity Shares - Inhouse Non-Convertible Debentures- KFin Technologies Limited
k	Distribution of shareholding	Wholly Owned Subsidiary of Toyota Financial Services Corporation, Japan.
l	Dematerialization of shares and liquidity	Not Applicable*
m	Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	Not Applicable*
n	Commodity price risk or foreign exchange risk and hedging activities	Not Applicable*
o	Plant locations	Not Available. Since the Company is a Non-Banking Financial Company registered with Reserve Bank of India
p	Address for correspondence	Toyota Financial Services India Limited, No. 21, 1st Floor, 5th Cross, Centropolis, Langford Road, Shanthi Nagar, Bangalore – 560025 (Karnataka) Phone: 080-4344 2800
q	List of all credit ratings obtained by the entity along with any revisions thereto during the relevant Financial Year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad	Your Company's credit rating continues to remain at AAA (Stable) for long term instruments and A1+ for short term instrument as rated by both CRISIL Limited and ICRA Limited.

\*The equity shares of the Company are not listed on the stock exchanges and hence certain details are not applicable to the Company.

## 7. Other Disclosures:

S No.	Particulars	Details / Comments / Remarks
a	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	During FY'23 there have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company
b	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;	During the last three years no penalties or strictures were imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

c	Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the audit committee.	Whistle blower policy can be accessed at following: <a href="https://www.toyotafinance.co.in/downloads/whistle-blower-policy.pdf">https://www.toyotafinance.co.in/downloads/whistle-blower-policy.pdf</a>  During FY'23, no personnel has been denied access to the Audit Committee.
d	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.	The Company has complied with all the mandatory requirements of the SEBI Listing Regulations applicable to the Company.  The Company has also complied with the following non-mandatory requirements as specified in Part E of the Schedule II of the SEBI LODR Regulation.  <ul style="list-style-type: none"> <li>• <b>Separate posts of Chairman and the Managing Director or the Chief Executive Officer:</b> Ms Sunita Rajiv Handa, Independent Director has been appointed as Chairman effective from April 1, 2023, and she is not related to MD &amp; CEO.</li> <li>• <b>Modified opinion(s) in audit report:</b> During FY'23, there was no modified audit opinion in the Auditor's Report on the Company's financial statements.</li> </ul>
e	Web link where policy for determining 'material' subsidiaries is disclosed	Not Applicable. The Company does not have any Subsidiary companies, Joint Ventures or Associate Companies.
f	Web link where policy on dealing with related party transactions	Related party transactions policy can be accessed at following: <a href="https://www.toyotafinance.co.in/downloads/policy-related-party-transactions.pdf">https://www.toyotafinance.co.in/downloads/policy-related-party-transactions.pdf</a>
g	Disclosure of commodity price risks and commodity hedging activities.	The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.
h	Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	Regulation 32 (7A) of SEBI Listing Regulations is not applicable to the Company since it is a debt listed entity. However, during the year the Company has raised funds through the issue of Non- Convertible Debentures. The Company has fully utilized the funds for the object for which the funds were raised.
i	Certificate from a company secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.	None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect, duly signed by the Practicing Company Secretary is annexed as Annexure-8.
j	Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant Financial Year, the same to be disclosed along with reasons thereof.	No such instances of non-acceptance of recommendation of any committee by the Board during FY'23.

	Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations.													
k	Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.	Statutory Audit fees for FY'23 is as under: <i>(Amount in INR Million)</i> As statutory auditor 6.20 As tax auditor 0.25 For other services 0.55 For reimbursement of expenses 1.17 <b>Total 8.17</b>												
l	Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:	<table> <thead> <tr> <th>S No</th><th>Particulars</th><th>Details</th></tr> </thead> <tbody> <tr> <td>a</td><td>Number of complaints filed during FY'23</td><td>1</td></tr> <tr> <td>b</td><td>Number of complaints disposed of during FY'23</td><td>1</td></tr> <tr> <td></td><td>Number of complaints pending as on end of FY'23</td><td>NIL</td></tr> </tbody> </table>	S No	Particulars	Details	a	Number of complaints filed during FY'23	1	b	Number of complaints disposed of during FY'23	1		Number of complaints pending as on end of FY'23	NIL
S No	Particulars	Details												
a	Number of complaints filed during FY'23	1												
b	Number of complaints disposed of during FY'23	1												
	Number of complaints pending as on end of FY'23	NIL												
m	Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.  Provided that this requirement shall be applicable to all listed entities except for listed banks.	The Company has not granted any loan or advances to any firms/companies in which directors are interested.												
n	Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries	Not Applicable. The Company does not have any Subsidiary companies.												

**8. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed:**

The Company has complied with all the requirements of Corporate Governance as specified in sub-paras (2) to (10) of Part C of Schedule V of the SEBI LODR Regulation, 2015.

**9. The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:**

- The Company has appointed separate posts of Chairman and the MD & CEO such that Chairman is a Non-Executive Director and not related to MD & CEO. Ms Sunita Rajiv Handa, Independent Director has been appointed as Chairman effective from April 1, 2023, and she is not related to MD & CEO.
- The Company confirms that its financial statements for FY'23 have unmodified audit opinion.

**10. Report on Corporate Governance:**

The Company has complied with the corporate disclosure requirements specified in Regulation 17 to 27 on a comply or explain basis and Regulation 26 of SEBI Listing Regulations.

**11. Declaration signed by the Chief Executive Officer stating that the members of Board of Directors and Senior Management personnel have affirmed compliance with the code of conduct of Board of Directors and Senior Management:**

Declaration signed by the Chief Executive Officer with regard to compliance with the Code of Conduct is annexed as **Annexure-3**.

**12. Compliance certificate from either the auditors or Practicing Company Secretaries regarding compliance of conditions of corporate governance shall be annexed with the Directors' Report:**

Compliance Certificate issued by Practicing Company Secretaries regarding compliance of conditions of Corporate Governance is annexed as **Annexure-9**.

**13. Disclosures with respect to demat suspense account/ unclaimed suspense account:**

The equity shares of the Company are not held in demat form. Hence, not applicable.

**For Toyota Financial Services India Limited**

**Sd/-**

**Sunita Rajiv Handa**  
**Chairman & Independent Director**  
**DIN: 08215176**

**Date: May 25, 2023**  
**Place: Madikeri, India**

**For Toyota Financial Services India Limited**

**Sd/-**

**Narayanaswamy Raja**  
**Managing Director & Chief Executive Officer**  
**DIN: 06840450**

**Date: May 25, 2023**  
**Place: Bangalore, India**

**Annexure-3****Declaration by Managing Director and Chief Executive Officer**

[As per Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**To,  
The Board of Directors,  
Toyota Financial Services India Limited.**

I, Narayanaswamy Raja, Managing Director & Chief Executive Officer (MD & CEO) of Toyota Financial Services India Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2023.

**For Toyota Financial Services India Limited**

**Sd/-**

**Narayanaswamy Raja  
Managing Director & Chief Executive Officer  
DIN: 06840450**

**Date: May 25, 2023  
Place: Bangalore, India**

**Annexure-4****COMPLIANCE CERTIFICATE**

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

**To,**  
**The Board of Directors,**  
**Toyota Financial Services India Limited.**

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for FY'23 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

**Sd/-**

**Narayanaswamy Raja**  
**Managing Director & Chief Executive Officer**  
 Date: May 25, 2023  
 Place: Bangalore, India

**Sd/-**

**Anupam Vasdani**  
**Chief Financial Officer**  
 Date: May 25, 2023  
 Place: Bangalore, India

## Annexure-5

## 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: NIL**

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the duration and value if any	Date(s) of approval by the Board	Amount paid as advances, if any
Toyota Motor Finance (Netherlands) B.V.  Group Company	External Commercial Borrowing ("ECB") - loan facility	External Commercial Borrowings ("ECB") from Toyota Motor Finance (Netherlands) B. V. for an amount not exceeding USD 100 Million (One Hundred Million US Dollars Only) (in any currency equivalent to USD 100 million)  The value of transaction As on March 31, 2023, is USD	Approval of the vide circular resolution passed on November 19, 2021, and Shareholder approval dated November 25, 2021	Nil

**Note:** There are no other material contracts or arrangement or transactions at arm's length basis enter during FY'23 apart from what is stated above.

For Toyota Financial Services India Limited

Sd/-

**Sunita Rajiv Handa**  
Chairman & Independent Director  
DIN: 08215176

**Date: May 25, 2023**  
**Place: Madikeri, India**

For Toyota Financial Services India Limited

Sd/-

**Narayanaswamy Raja**  
Managing Director & Chief Executive Officer  
DIN: 06840450

**Date: May 25, 2023**  
**Place: Bangalore, India**



## Annexure-6

**THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY'23**

## 1. Brief outline on CSR Policy of the Company:

Your Company contributed to sustainable development of society by undertaking various projects and programs which will enhance the quality of life and well-being of diverse people clusters in society. Guided by the Companies Act, 2013, and the Company's basic philosophy regarding CSR, depending upon the area that needs utmost attention and support for the development of the society and to meet direct needs of the society, the Company decide upon the kind of programs / projects and / or activities that can be undertaken by the Company for a particular tenure. Implementation of such programs / projects / activities are done either directly through Company's personnel or through appointment of external agencies, trusts, institutions etc. depending upon the best suitable way or method of execution of such observed activity(ies). During the reporting period, the Company undertook various projects primarily focusing on the education of underprivileged children (for details refer point 8 (c) below). The Company also contributed a certain portion of its CSR to Prime Minister's National Relief Fund/PMCARES.

## 2. Composition of CSR Committee:

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

\* Mr. Manabu Ueno, Whole-time Director retired effective from December 31, 2022.

# Mr. V Prakash, Independent Director inducted to CSR Committee effective from January 1, 2023.

## 3. Web-link where following items are placed on Company's website:

S No.	Particulars	Web-link
1	Composition of CSR committee	<a href="https://www.toyotafinance.co.in/downloads/composition-of-the-various-committees-of-the-board-of-directors.pdf">https://www.toyotafinance.co.in/downloads/composition-of-the-various-committees-of-the-board-of-directors.pdf</a>
2	CSR Policy	<a href="https://www.toyotafinance.co.in/downloads/tfsin-csr-policy.pdf">https://www.toyotafinance.co.in/downloads/tfsin-csr-policy.pdf</a>
3	CSR projects approved by the board	<a href="https://www.toyotafinance.co.in/downloads/board-approved-csr-projects-fy22-23.pdf">https://www.toyotafinance.co.in/downloads/board-approved-csr-projects-fy22-23.pdf</a>

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

## 5. CSR obligation for the financial year:

S No.	Particulars	Amount in INR
(a)	Average net profit of the company as per sub-section (5) of section 135	52,91,60,788
(b)	Two percent of average net profit of the company as per sub-section (5) of section 135	1,05,83,216
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	-
(d)	Amount required to be set-off for the financial year, if any.	-
(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	<b>1,05,83,216</b>

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **INR 1,05,83,216.**i. Details of CSR amount spent against ongoing projects for the financial year - **NA**

## ii. Details of CSR amount spent against other than ongoing projects for the financial year:

S no.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in INR).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Distri ct.			Name.	CSR registration number.
<b>1</b>	Construction of school building, washrooms and other facilities for under privileged Govt school	(ii) promoting education,	Yes	Karnataka	Ramanagaram	86,87,225	Direct	Not Applicable	
<b>2</b>	Improvements / Maintenance of existing school building	(ii) promoting education,	Yes	Karnataka	Ramanagaram	17,74,689	Direct	Not Applicable	

3	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	(viii) contribution to the prime minister's national relief fund 8 or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Yes	Not Applicable	1,02,086	Direct	Not Applicable
	<b>TOTAL</b>				<b>1,05,64,000</b>		

(b) Amount spent in Administrative Overheads: **INR 19,216**

(c) Amount spent on Impact Assessment, if applicable: **NA**

(d) Total amount spent for the Financial Year (8b+8c+8d+8e): **INR 1,05,83,216**

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year in INR	Amount Unspent in INR				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Amount.	Name of the Fund	Amount.	Date of transfer
<b>1,05,83,216</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

(f) Excess amount for set off, if any: **NIL**

S No.	Particulars	Amount in INR
(i)	Two percent of average net profit of the Company as per section 135(5)	<b>1,05,83,216</b>
(ii)	Total amount spent for the Financial Year	<b>1,05,83,216</b>
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>NIL</b>
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	<b>NIL</b>
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	<b>NIL</b>

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

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

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

## 8. Details relating to the asset, created or acquired through CSR spent in the financial year:

Date of creation or acquisition of the capital asset(s).	March 31, 2023
Amount of CSR spent for creation or acquisition of capital asset.	INR 86,87,225
Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Govt Higher Primary School, Mylanayakana Hosahalli village, Channapatna Taluk, Ramanagar District
Details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	<p>Construction of school building (additional classrooms) with basic amenities and furniture.</p> <p><b>Address:</b> Govt Higher Primary School, Mylanayakana Hosahalli village, Channapatna Taluk, Ramanagar District – 562 108 (Karnataka, India.)</p> <p><b>Area of immovable property:</b> 3,400 Square feet.</p> <p><b>Bounded by-</b>  North: Mr Yogananda's Property  South: Raju and Kolapuradamma Devi Temple  East: Main Road  West: Mr Chandregowda's Property</p>

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

For Toyota Financial Services India Limited

For Toyota Financial Services India Limited

Sd/-

Sd/-

**Narayanaswamy Raja**  
**Chairman, CSR Committee**  
**DIN: 06840450**

**Sunita Rajiv Handa**  
**Member, CSR Committee**  
**DIN: 08215176**

**Date: May 25, 2023**  
**Place: Bangalore, India**

**Date: May 25, 2023**  
**Place: Madikeri, India**

## Annexure-7

**Addendum to Board's Report of the Toyota Financial Services India Limited dated May 25, 2023,**

Your Directors would like to hereby inform that Mr. Masayoshi Hori, (DIN: 09602549), Non-Executive Director, has resigned from the Board of Directors of the Company with effect from August 7, 2023 (end of the office hours).

Your Directors would like to further inform that the in the Board's Report, it was stated that in accordance with the provisions of the Companies Act, 2013, Mr. Masayoshi Hori would be liable to retire by rotation. Consequent to resignation of Mr. Masayoshi Hori, as per section 152(6) of the Companies Act, 2013, Mr. Narayanaswamy Raja, who is longest in the office since his last appointment amongst the directors liable by rotation, shall be liable to retire by rotation and being eligible he has offered himself for re-appointment. Accordingly, your Directors recommend the re-appointment of Mr. Narayanaswamy Raja as a Director of the Company in the ensuing Annual General Meeting of the Company.

**For Toyota Financial Services India Limited****Sd/-****Sunita Rajiv Handa  
Chairman & Independent Director  
DIN: 08215176****Date: August 11, 2023****Place: Mumbai, India****For Toyota Financial Services India Limited****Sd/-****Narayanaswamy Raja  
Managing Director & Chief Executive Officer  
DIN: 06840450****Date: August 11, 2023****Place: Bangalore, India**



Annexure-8

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

**To****The Members****Toyota Financial Services India Limited**

No. 21 Centropolis, First Floor

5<sup>th</sup> Cross Langford Road, Shanti Nagar

Bengaluru - 560025

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Toyota Financial Services India Limited** bearing **CIN: U74900KA2011FLC058752** and having registered office at No. 21 Centropolis, First Floor 5<sup>th</sup> Cross Langford Road, Shanti Nagar Bengaluru - 560025 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).



Details of Directors as on 31.03.2023:

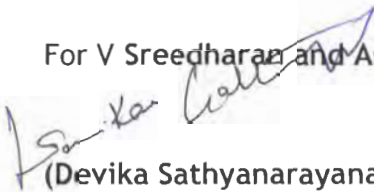
Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	NARAYANASWAMY RAJA	06840450	13/02/2019
2.	SUNITA RAJIV HANDA	08215176	10/09/2021
3.	MASAYOSHI HORI	09602549	03/08/2022
4.	VENKATRAMAN PRAKASH	00102091	14/11/2022

\*\*\*

- Mr. Masakazu Yoshimura (DIN: 08327922) resigned from the position of Director with effect from 08.06.2022.
- Mr. Hao Quoc Tien (DIN: 08346688) Resigned from the position of Director with effect from 10.08.2022.
- Mr. Manabu Ueno (DIN: 08635145) retired as whole time Director with effect from 31.12.2022 after completion of his term of office.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V Sreedharan and Associates

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



Address: No. 291, 1<sup>st</sup> Floor, 10<sup>th</sup> Main Road  
3<sup>rd</sup> Block, Jayanagar, Bengaluru-560011

Place: Bengaluru  
Date: May 18, 2023

UDIN: F011323E000332336





Annexure-9

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

*[Pursuant to the part E of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

Corporate Identity No : U74900KA2011FLC058752

Nominal Capital : Rs. 1,307,97,29,570/-

To

**The Members of Toyota Financial Services India Limited,**

We have examined all the relevant records of **Toyota Financial Services India Limited** having **CIN: U74900KA2011FLC058752** for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all

PAGE 1 OF 2



the mandatory conditions of Corporate Governance as stipulated in the said Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with items C and E.

For V Sreedharan & Associates  
Company Secretaries

  
(Devika Sathyanarayana)  
Partner



FCS 11323; C.P.No.17024

Address: No. 291, 1<sup>st</sup> Floor, 10<sup>th</sup> Main Road  
3<sup>rd</sup> Block, Jayanagar, Bengaluru-560011

Place: Bengaluru

Date: May 18, 2023

UDIN: F011323E000332325



Annexure-10

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**For the Financial Year Ended March 31, 2023**

*[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]*

To

The Members

**Toyota Financial Services India Limited**

No. 21 Centropolis, First Floor

5th Cross Langford Road, Shanti Nagar

Bengaluru - 560025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Toyota Financial Services India Limited** having a CIN: **U74900KA2011FLC058752** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2023 (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. **(Not Applicable to the Company during the review Period);**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. **(Not Applicable to the Company during the review Period);**



- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. **(Not Applicable to the Company during the Audit Period);**
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021**(Not Applicable to the Company during the Audit Period);**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;**(Not Applicable to the Company during the Audit Period);** and
  - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) Other Laws Applicable Specifically to the Company namely:
- a. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
  - b. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.



- c. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016.
- d. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.
- e. Master Direction - Know Your Customer (KYC) Direction, 2016
- f. Master Direction - Information Technology Framework for the NBFC Sector
- g. Scale Based Regulation (SBR) A Revised Regulatory Framework for NBFCs (the framework).
- h. Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.
- i. Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs.
- j. Appointment of Internal Ombudsman by Non-Banking Financial Companies.
- k. IRDA (Registration of Corporate Agents) Regulations, 2015.

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

- a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- b. Listing Agreements entered into by the Company with National Stock Exchange of India Limited.





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

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

**We further report that:**

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

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.



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

For V SREEDHARAN & ASSOCIATES

  
(Devika Sathyanarayana)

Partner

FCS: 11323; CP No.17024

Address: No. 291, 1<sup>st</sup> Floor, 10<sup>th</sup> Main Road  
3<sup>rd</sup> Block, Jayanagar, Bengaluru-560011



Place: Bengaluru

Date: May 18, 2023

UDIN: F011323E000332237

Peer Review Certificate No.: 589/2019



**'Annexure - 1'**

To

The Members

**Toyota Financial Services India Limited**

**No. 21 Centropolis, First Floor**

**5th Cross Langford Road, Shanti Nagar**

**Bengaluru - 560025**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.



6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V SREEDHARAN & ASSOCIATES

  
(Devika Sathyanarayana)

Partner

FCS: 11323; CP No.17024

Address: No. 291, 1<sup>st</sup> Floor, 10<sup>th</sup> Main Road  
3<sup>rd</sup> Block, Jayanagar, Bengaluru-560011



Place: Bengaluru

Date: May 18, 2023

UDIN: F011323E000332237

Peer Review Certificate No.: 589/2019



Annexure-11

**Secretarial Compliance Report of Toyota Financial Services India Limited  
for the year ended March 31, 2023***[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing  
Obligations and Disclosure Requirements) Regulations, 2015]*

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Toyota Financial Services India Limited (hereinafter referred as 'the listed entity'), having its Registered Office at No. 21 Centropolis, First Floor, 5<sup>th</sup> Cross Langford Road, Shanti Nagar, Bengaluru - 560025.

Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the listed entity 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:

- (a) all the documents and records made available to us and explanation provided by Toyota Financial Services India Limited ("the listed entity");
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification;



for the year ended March 31, 2023 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable to the Company during the review Period);**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the review Period);**
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the review Period);**
- (f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;



And circulars/ guidelines issued thereunder;

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No	Particulars	Compliance Status (Yes/No/NA)	Observations/ remarks by PCS
1.	<b>Secretarial Standards</b>  The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI) as notified by the Central Government under Section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	
2.	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"> <li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities.</li> <li>• All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated as per the regulations / circulars / guidelines issued by SEBI.</li> </ul>	Yes  Yes	
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>• The Listed entity is maintaining a functional website.</li> </ul>	Yes	



	<ul style="list-style-type: none"> <li>• Timely dissemination of the documents/ information under a separate section on the website.</li> <li>• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website.</li> </ul>	<p>Yes</p> <p>Yes</p>	
4.	<b>Disqualification of Director:</b> None of the Directors of the Company are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	
5.	<b>Details related to Subsidiaries of listed entities have been examined w.r.t:</b>  (a) Identification of material subsidiary companies.  (b) Disclosure requirement of material.	Not applicable	The listed entity does not have material subsidiaries as defined under Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	

DB





7.	<b>Performance Evaluation:</b>  The listed entity has conducted performance evaluation of the Board, Independent Directors, and the Committees at the start of every financial year/ during the financial year as prescribed in SEBI Regulations.	Yes	
8.	<b>Related Party Transactions:</b>  (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions.  (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved / ratified / rejected by the Audit committee.	Yes   Not applicable	The provisions of Regulations 17 to 27 are not mandatory to debt listed entity upto 31.03.2023. Hence, the Company has obtained the prior approval of audit Committee for RPTs wherever it is mandatory during the FY 2022-23.
9.	<b>Disclosure of events or information:</b>  The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	<b>Prohibition of Insider Trading:</b>  The listed entity is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	

11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b>  No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	Yes	
12.	<b>Additional Non-compliances, if any:</b>  No additional non-compliance observed for all SEBI regulation / circular / guidance note etc.	Yes	

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sl No.	Particulars	Compliance Status (Yes/No/N.A)	Observations/ Remarks by PCS*
1.	Compliances with the following conditions while appointing/re-appointing an auditor.		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or  ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	Not applicable	The auditors of the listed entity have not resigned during the audit period.





	<p>iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.</p>		
<b>2.</b>	<b>Other conditions relating to resignation of statutory auditor</b>		
	<p>i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee:</p> <p>a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.</p> <p>b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the</p>	<b>Not applicable</b>	<p>The Auditors of the listed entity have not reported any concerns during the audit period.</p>



	<p>auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.</p> <p>c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.</p> <p>ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.</p>		
3.	<p>The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October 2019.</p>	Not applicable	<p>The auditors of the listed entity have not resigned during the audit period.</p>

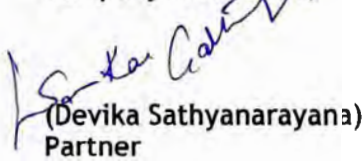
The listed entity has complied with the provisions of above regulations and circular / guidelines issued thereunder.

The listed entity was not required to take any actions as there was no observations made by the Practicing Company Secretary (Secretarial Auditors) in previous reports.

**Assumptions & Limitation of scope and Review:**

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

**For V SREEDHARAN & ASSOCIATES**  
**Company Secretaries**

  
(Devika Sathyanarayana)  
Partner

FCS: 11323; CP No. 17024

Address: No. 291, 1<sup>st</sup> Floor, 10<sup>th</sup> Main Road  
3<sup>rd</sup> Block, Jayanagar, Bengaluru-560011

Place: Bengaluru

Date: May 18, 2023



UDIN: F011323E000332281

Peer Review Certificate No. 589/2019.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Toyota Financial Services India Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Toyota Financial Services India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and Measurement of Loans and Provision for Expected Credit Loss (ECL) on Loans  
Total ECL Provision as at March 31, 2023 - INR 2,988.78 million  
Charge to the Statement of Profit and Loss - INR (346.19) million  
Note 2(iii)(c) on Significant Accounting Policies, Note 44(g) of the Financial Statements

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Ind AS 109, Financial Instruments, requires the Company to create allowance for loan losses using expected credit loss (ECL) model. The estimation of ECL on financial instruments involves significant judgement and estimates.	<p>Our audit procedures with respect to this matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>Performed process walkthroughs to identify the key systems, applications and controls used in the ECL model. Verified the relevant manual controls, general IT and automated controls over key systems used in the ECL process on test check basis.</li> </ul>



Significant degree of judgement has been applied by the Management including but not limited to the following matters:

- Grouping of portfolios based on shared risk characteristics.
- Criteria selected for staging of loans.
- Data inputs/assumptions used in the model.
- Determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD").
- Determining the economic scenarios used and the probability weights applied in measuring ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions.
- Management overlay for addressing the forward-looking macroeconomic factors, economic environment and emerging trends.

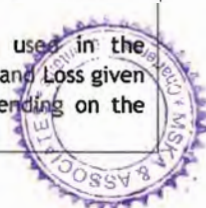
The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company.

Given the significant Management's judgement involved in estimation of ECL and considering the magnitude of portfolio relative to the Balance sheet, we have identified this as a key audit matter.

- Verified the Board approved and Company's accounting policies for provisioning of ECLs and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments' and prudential norms laid down by Reserve Bank of India ('RBI').
- Verified design and operating effectiveness of controls over the 'Governance Framework' controls for validation, implementation and monitoring of model in line with the RBI guidance.
- Verified the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into ECL model on test check basis.
- Verified key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights on test check basis.
- Verified design and operating effectiveness of the controls for the staging of loans based on their past due status, credit assessment on a test check basis.
- Verified key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights on test check basis.
- Verified Management's controls over authorization and calculation of post model adjustments and management overlays.

Test of details:

- In case of the retail loans, assessed the criteria for grouping and staging of loans based on shared risk characteristics of the loans and their past due status as per the requirements of Ind AS 109.
- In case of the dealer loans, assessed the criteria for grouping and staging of loans based on shared risk characteristics of the loans and their credit ratings criteria evaluated by the Management including their past due status as per the requirements of Ind AS 109.
- Tested a sample of performing loans to assess whether any significant increase in credit risk or loss indicators were present requiring them to be classified under higher stages.
- Verified the appropriateness of information used in the estimation of the Probability of Default ("PD") and Loss given Default ("LGD") for the different stages depending on the nature and staging of the loans.



	<ul style="list-style-type: none"> <li>Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors.</li> <li>Verified the impairment allowance under Ind AS 109 and the provisioning required under IRACP (including standard asset provisioning) to determine the need to create an Impairment Reserve.</li> <li>Performed Test of details of post model adjustments, considering the size and complexity of management overlays to assess the reasonableness of the adjustments by challenging key assumptions, inspected the calculation methodology and traced a sample of the data used back to source data.</li> <li>Performed inquiries with the Company's Management and its risk management function to assess the impact of Covid-19, if any, on the business activities of the Company.</li> <li>Verified the input data used for determining the PD and LGD rates and further verified the data with the underlying books of accounts and records on a test check basis.</li> <li>Assessed the adequacy and appropriateness of the disclosures included in the Ind AS financial statements in respect of expected credit losses in accordance with the requirements of Ind AS 107 - "Financial Instruments: Disclosures" and Ind AS 109 - "Financial Instruments".</li> </ul>
<p><b>Information Technology (IT) systems and controls</b></p> <p>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 misstated.</p> <p>Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.</p> <p>The Company has also undertaken few data migration projects in the current financial year.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p>	<p><b>Key IT audit procedures performed included the following, but not limited to:</b></p> <ul style="list-style-type: none"> <li>For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of our audit. The team also assisted in testing the completeness and accuracy of the information produced by the Company's IT systems where applicable.</li> <li>Obtained an understanding of IT applications implemented in the Company and verified design and operating effectiveness of controls over user access management, change management, segregation of duties, system interface controls, system application controls and Information Produced by entity (IPE) controls over key financial accounting and reporting systems.</li> <li>For a selected group of key controls over financial reporting systems, performed procedures to independently determine that these controls remained unchanged during the year or were changed by following the change management process.</li> <li>Evaluated other areas including password policies, security configurations, controls over changes to applications and databases and controls to ensure that developers and</li> </ul>

<p>Further, IT applications have been made accessible on a remote basis.</p> <p>We have identified 'IT systems and controls' as a key audit matter considering level of automation, significant number of systems being used by Management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.</p>	<p>production support did not have access to change applications, the operating system or databases in the production environment.</p> <ul style="list-style-type: none"> <li>• Performed inquiry for data security controls in the context of staff working from remote locations during the year.</li> <li>• Verified compensating controls and performed alternate procedures, where necessary.</li> </ul>
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## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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





## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

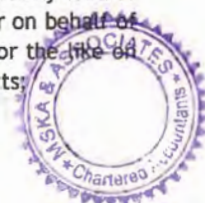
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (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 Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 35 to the financial statements;
    - ii. The Company 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.
      - (1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 54 of the financial statements;



# MSKA & Associates

Chartered Accountants

- (2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 55 of the financial statements; and
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
3. As required by The Companies (Amendment) Act, 2017, In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W



Swapnil Kale

Partner

Membership Number: 117812

UDIN: 23117812BGXQVV4688



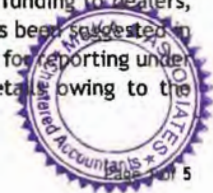
Mumbai

May 25, 2023

**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2023.**

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

- i. In respect of property, plant and equipment:
  - (a)
    - A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment, and relevant details of right-of-use assets.
    - B. The Company has maintained proper records showing full particulars of intangible assets.
  - (b) Property, plant and equipment, and right of use assets have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were identified on such verification.
  - (c) According to the information and explanations given to us, there are no immovable properties and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
  - (d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
  - (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- ii.
  - (a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.
  - (b) The Company has not been sanctioned any working capital limits during the year. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii.
  - (a) The Company is in the business of lending. Hence, the provisions stated in paragraph 3(iii)(a) of the Order are not applicable to the Company.
  - (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made, guarantees provided, and grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.
  - (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of granting loans to retail customers for vehicles and term loans and inventory funding to dealers, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the



voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 45 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- (d) In respect of the loans, the total amount overdue for more than ninety days as at March 31, 2023 is Rs. 3706.11 million. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 45 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2023.
- (e) The Company is involved in the business of lending. Accordingly, the provisions stated in paragraph 3(iii)(e) of the Order are not applicable to the Company.
- (f) According to the information and explanation given to us, the Company has granted loans in the nature of loans to the director during the year. These have stipulated the schedule for repayment of principal and interest. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company..
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the business activities of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii. In respect of statutory dues:
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:





# MSKA & Associates

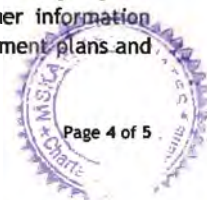
Chartered Accountants

Name of the statute	Nature of dues	Amount Demanded Rs. (million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax and Interest demanded	4.97	AY 2017-18	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate, or joint venture. Hence reporting under the Clause (ix)(e) of the order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate, or joint venture. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.
- x.
- (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of shares during the year and the requirements of Section 42 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.
- xi.
- (a) Based on 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 information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.



- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statements for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph (xi)( c ) of the Order is not applicable to the Company.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.
- xvi.
- (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Investment and Credit Company (NBFC-ICC).
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016) does not have any CIC as part of its group. Hence the provisions stated in paragraph 3 (xvi) (d) of the order are not applicable to the Company.
- xvii. Based on the overall review of the financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and



based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable.

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

*Swapnil Kale*

Swapnil Kale  
Partner  
Membership No. 117812  
UDIN: 23117812BGXQVV4688



Mumbai  
May 25, 2023

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Toyota Financial Services India Limited on the Financial Statements for the year ended March 31, 2023]

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

#### Opinion

We have audited the internal financial controls with reference to the financial statements of Toyota Financial Services India Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to the 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 "ICAI") (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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

#### Meaning of Internal Financial Controls with reference to the Financial Statements

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

#### Inherent Limitations of Internal Financial Controls With reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the 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 the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

*Swapnil Kale*

Swapnil Kale  
Partner  
Membership Number: 117812  
UDIN: 23117812BGXQV4688



Mumbai  
May 25, 2023

**Toyota Financial Services India Limited**  
**Balance sheet as at 31st March, 2023**

(Amounts are in Rs. Million)

Particulars	Notes	31 March 2023	31 March 2022
<b>ASSETS</b>			
<b>I Financial assets</b>			
(a) Cash and cash equivalents	3	2,111.24	2,575.28
(b) Derivative financial instruments	4	453.36	659.86
(c) Trade receivables	5	36.73	22.56
(d) Loans	6	86,516.54	67,552.79
(e) Investments	7	2,547.48	2,419.40
(f) Other financial assets	8	53.68	39.32
<b>Total financial assets</b>		<b>91,719.03</b>	<b>73,269.21</b>
<b>II Non-financial assets</b>			
(a) Current tax assets (net)	9	98.03	133.82
(b) Deferred tax assets (net)	10	578.74	733.80
(c) Property, plant and equipment	11	383.12	442.54
(d) Intangible assets under development	12	-	17.23
(e) Other intangible assets	12	144.84	165.08
(f) Right-of-use assets	13	58.37	53.78
(g) Other non-financial assets	14	356.91	246.13
<b>Total non-financial assets</b>		<b>1,620.01</b>	<b>1,792.38</b>
<b>Total Assets</b>		<b>93,339.04</b>	<b>75,061.59</b>
<b>LIABILITIES AND EQUITY</b>			
<b>I Liabilities</b>			
<b>i Financial liabilities</b>			
(a) Derivative financial instruments	4	62.42	35.20
(b) Trade payables	15	951.38	1,266.66
(i) total outstanding dues of micro enterprises and small enterprises		13.59	26.10
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		937.79	1,240.56
(c) Debt securities	16	25,615.83	25,223.83
(d) Borrowings (other than debt securities)	17	46,822.18	33,416.78
(e) Lease liabilities	18	60.53	59.78
(f) Other financial liabilities	19	4.32	3.42
<b>Total financial liabilities</b>		<b>73,516.66</b>	<b>60,005.67</b>
<b>ii Non-financial liabilities</b>			
(a) Current tax liabilities (net)	20	-	-
(b) Provisions	21	133.22	125.88
(c) Other non-financial liabilities	22	71.40	49.00
<b>Total non-financial liabilities</b>		<b>204.62</b>	<b>174.88</b>
<b>II Equity</b>			
(a) Equity share capital	23	11,101.47	9,579.73
(b) Other equity	24	8,516.29	5,301.31
<b>Total equity</b>		<b>19,617.76</b>	<b>14,881.04</b>
<b>Total Liabilities and Equity</b>		<b>93,339.04</b>	<b>75,061.59</b>

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

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

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

Sd/-  
**Swapnil Kale**  
Partner  
Membership No. 117812

Sd/-  
**Narayanawamy Raja**  
Managing Director & CEO  
DIN: 06840450  
Bangalore  
25 May 2023

Sd/-  
**Sunita Rajiv Handa**  
Director  
DIN: 08215176  
Madikeri  
25 May 2023

Mumbai  
25 May 2023

Sd/-  
**Anupam Vasdani**  
Chief Financial Officer  
Bangalore  
25 May 2023

Sd/-  
**R Nithya Prabhu**  
Company Secretary  
Membership No. F9087  
Bangalore  
25 May 2023

**Toyota Financial Services India Limited**  
**Statement of profit and loss for the year ended 31 March 2023**

		(Amounts are in Rs. Million)	
Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue from operations</b>			
(i) Interest income	25	6,767.88	6,211.00
(ii) Rental income		186.22	155.73
(iii) Fees and commission income		6.86	4.02
(iv) Net gain on fair value changes	26	45.09	103.87
(v) Others	27	364.71	305.70
<b>(I) Total Revenue from operations</b>		<b>7,370.76</b>	<b>6,780.32</b>
<b>(II) Other income</b>	28	<b>35.91</b>	<b>1.98</b>
<b>(III) Total Income (I+II)</b>		<b>7,406.67</b>	<b>6,782.30</b>
<b>Expenses</b>			
(i) Finance cost	29	3,953.34	3,399.92
(ii) Impairment on financial instruments	30	(81.33)	643.18
(iii) Employee benefit expenses	31	717.51	569.49
(iv) Depreciation, amortisation and impairment	32	272.18	232.14
(v) Other expenses	33	894.83	806.06
<b>(IV) Total expenses</b>		<b>5,756.53</b>	<b>5,650.79</b>
<b>(V) Profit / (loss) before tax (III-IV)</b>		<b>1,650.14</b>	<b>1,131.51</b>
<b>(VI) Tax expense</b>			
1. Current tax	10	255.45	240.61
2. Deferred tax	10	154.91	49.89
<b>Total tax expense</b>		<b>410.36</b>	<b>290.50</b>
<b>(VII) Profit / (loss) for the period / year (V-VI)</b>		<b>1,239.78</b>	<b>841.01</b>
<b>(VIII) Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
i. Remeasurements of the defined benefit plans		0.59	(4.36)
ii. Income tax relating to items that will not be reclassified to profit or loss		(0.15)	1.10
<b>Other comprehensive (loss) / income</b>		<b>0.44</b>	<b>(3.26)</b>
<b>(IX) Total comprehensive income / (loss) for the period / year (VII+VIII)</b>		<b>1,240.22</b>	<b>837.75</b>
<b>(X) Earnings for equity share</b>			
Basic (INR)	34	1.26	0.88
Diluted (INR)	34	1.26	0.88
Face value per share (INR)		10.00	10.00
Significant accounting policies	2		
Notes to the financial statements	3 - 59		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

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

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

**Sd/-**  
**Swapnil Kale**  
Partner  
Membership No. 117812

**Sd/-**  
**Narayanaswamy Raja**  
Managing Director & CEO  
DIN: 06840450  
Bangalore  
25 May 2023

**Sd/-**  
**Sunita Rajiv Handa**  
Director  
DIN: 08215176  
Madikeri  
25 May 2023

Mumbai  
25 May 2023

**Sd/-**  
**Anupam Vasdani**  
Chief Financial Officer  
Bangalore  
25 May 2023

**Sd/-**  
**R Nithya Prabhu**  
Company Secretary  
Membership No. F9087  
Bangalore  
25 May 2023

Toyota Financial Services India Limited  
Statement of Changes in Equity (SOCIE) for the period ended 31 March 2023

A. Equity share capital

(Amounts are in Rs. Million)				
Balance as at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022
9,579.73	-	-	-	9,579.73
Balance as at 01 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 Mar 2023
9,579.73	-	-	1,521.74	11,101.47

B. Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	Statutory Reserve	Securities Premium	Retained Earnings	Remeasurements of the defined benefit plans	
Balance as at 31 March 2021	436.51	3,320.27	705.42	1.36	4,463.56
Profit for the year	-	-	841.01	-	841.01
Other comprehensive income (net of taxes)	-	-	-	(3.26)	(3.26)
Transfer to special reserve under section 45-IC of RBI Act, 1934	168.20	-	(168.20)	-	-
Balance as at 31 March 2022	604.71	3,320.27	1,378.23	(1.90)	5,301.31
Profit for the year	-	-	1,239.78	-	1,239.78
Other comprehensive income (net of taxes)	-	-	-	0.44	0.44
Transfer to special reserve under section 45-IC of RBI Act, 1934	247.96	-	(247.96)	-	-
Additions during the year		1,974.76			1,974.76
Balance as at 31 March 2023	852.67	5,295.03	2,370.05	(1.46)	8,516.29

Note 24 describes the purpose of each reserve within equity.

Significant accounting policies 2  
Notes to the financial statements 3 - 59  
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

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

Sd/-  
Swapnil Kale  
Partner  
Membership No. 117812

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Bangalore  
25 May 2023

Sd/-  
R Nithya Prabhu  
Company Secretary  
Membership No. F9087  
Bangalore  
25 May 2023

Toyota Financial Services India Limited  
Statement of cash flow for the year ended 31 March 2023

(Amounts are in Rs. Million)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. Cash flow from operating activities</b>		
Profit for the year	1,650.14	1,131.51
<b>Adjustments for :</b>		
Depreciation, amortisation and impairment	272.18	232.14
Net gain on derecognition of property, plant and equipment	(13.18)	(1.55)
Net gain on fair value changes	(45.09)	(103.87)
Interest income	(6,767.88)	(6,211.00)
Interest on lease liability	1.94	4.62
Interest on debt securities	1,355.53	1,641.54
Interest on borrowings (other than debt securities)	2,594.19	1,750.06
Impairment on financial instruments	(81.33)	643.18
Others (includes Interest on Security deposits)	(2.25)	2.60
<b>Operating profit before working capital changes</b>	<b>(1,035.75)</b>	<b>(910.77)</b>
<b>Changes in working capital :</b>		
Decrease in trade payables	(315.28)	318.01
Increase in other financial liabilities	0.90	(21.03)
Increase in other non-financial liabilities	22.40	(15.83)
Increase in provisions	11.94	13.19
Increase in loans	(18,797.91)	11.20
Increase in trade receivables	(14.17)	(18.14)
Increase in other financial assets	(14.36)	54.34
Increase in other non-financial assets	(110.77)	(81.55)
Interest received	6,669.14	6,194.23
Interest paid on debt securities	(1,375.90)	(1,479.50)
Interest paid on borrowings (other than debt securities)	(2,630.82)	(1,791.85)
<b>Cash used in operations</b>	<b>(17,590.58)</b>	<b>2,272.30</b>
Taxes paid (including tax deducted at source)	(219.65)	(304.22)
<b>Net cash used in operating activities</b>	<b>(17,810.23)</b>	<b>1,968.08</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(267.11)	(394.93)
Purchase of other intangible assets	(7.12)	(54.66)
Sale of property, plant and equipment	158.19	63.86
Proceeds from sale of investments	12,022.99	2,920.79
Purchase of investments	(12,141.17)	(4,334.66)
<b>Net cash used in investing activities</b>	<b>(234.22)</b>	<b>(1,799.60)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity share capital (inclusive of securities premium)	3,496.50	-
Debt securities issued	10,412.43	6,449.34
Debt securities repaid	(10,000.00)	(4,800.00)
Borrowings other than debt securities received	67,473.92	42,392.12
Borrowings other than debt securities repaid	(53,753.08)	(43,141.12)
Payment of lease Liability	(47.42)	(52.05)
Interest paid on Lease Liability	(1.94)	(4.83)
<b>Net cash generated from financing activities</b>	<b>17,580.41</b>	<b>843.46</b>
<b>Net increase/(decrease) in cash and cash equivalents(A)+(B)+(C)</b>	<b>(464.04)</b>	<b>1,011.94</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>2,575.28</b>	<b>1,563.34</b>
<b>Cash and cash equivalents, end of the year (refer below)</b>	<b>2,111.24</b>	<b>2,575.28</b>
<b>Notes to the statement of cash flow :</b>		
Cash and cash equivalents comprise of:		
Cash on hand (refer note 3)	0.00	0.00
Balances with banks		
In current accounts (refer note 3)	260.48	246.83
Demand deposits (less than 3 months maturity) (refer note 3)	1,850.76	2,328.45
Bank overdraft	-	-
<b>TOTAL</b>	<b>2,111.24</b>	<b>2,575.28</b>

**Toyota Financial Services India Limited**  
**Statement of cash flow for the year ended 31 March 2023**

**Notes to the statement of cash flow (continued) :**

1) **Changes in liabilities arising from financing activities-**

Particulars	Debt Securities	(Amounts are in Rs. Million)	
		Borrowings (other than debt securities)	Lease Liabilities
Balance as at the beginning of the year	25,223.83	33,416.78	59.78
Cash flows	392.00	13,684.21	(47.42)
Non cash changes-			
Acquisition	-	-	48.17
Foreign exchange movement	-	(278.81)	-
Fair value change			
<b>Balance as at the end of the year</b>	<b>25,615.83</b>	<b>46,822.18</b>	<b>60.53</b>

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

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

4) Figures in bracket indicate cash outflow.

Significant accounting policies	2
Notes to the financial statements	3 - 59
The accompanying notes form an integral part of the financial statements	

As per our report of even date attached

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

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

**Sd/-**  
**Swapnil Kale**  
Partner  
Membership No. 117812

**Sd/-**  
**Narayanaswamy Raja**  
Managing Director & CEO  
DIN: 06840450  
Bangalore  
25 May 2023

**Sd/-**  
**Sunita Rajiv Handa**  
Director  
DIN: 08215176  
Madikeri  
25 May 2023

Mumbai  
25 May 2023

**Sd/-**  
**Anupam Vasdani**  
Chief Financial Officer  
Bangalore  
25 May 2023

**Sd/-**  
**R Nithya Prabhu**  
Company Secretary  
Membership No. F9087  
Bangalore  
25 May 2023

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023****1. Company Overview****1.1 Reporting Entity**

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

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

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These Annual financial statements have been reviewed by the Audit Committee and approved by the Board of Directors and authorised for issue on 25 May 2023.

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

**1.3 Functional and Presentation currency**

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

**1.4 Basis of measurement**

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

- i) Defined benefit obligation.
- ii) Derivative financial instruments.

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.



**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023****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.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023****iii. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized.**

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

**iv. Amortized cost of loans**

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

**v. Provisions**

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

**vi. Recognition of deferred tax assets**

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

**vii. Measurement of defined benefits obligation**

For key actuarial assumptions in measurement of defined benefits obligation refer notes 40(note to financial statement)

**viii. Business model assessment**

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023****2. Significant accounting policies**

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

**i. Revenue recognition**

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

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

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

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

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

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

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

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

**ii. Finance Cost**

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

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

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

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

**iii. Financial assets and liabilities****a. Financial assets****Initial recognition and measurement**

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

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

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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

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

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

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

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

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

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

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

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

**Classification and subsequent measurement**

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

**b. Financial liabilities****Initial recognition and measurement**

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

**Subsequent measurement**

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

**c. Impairment of financial instruments****Methodology for computation of Expected Credit Losses 'ECL'**

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

- Loans;

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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

**Measurement of ECL**

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

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that are possible within 12 months after the reporting date;
- financial assets with significant increase in credit risk but not credit impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive) that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan limits are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.
- In measurement of its ECL, the Company considers the prudential floor for ECL as mentioned in the directions issued by Reserve Bank of India.

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

**Significant Increase in credit risk (SICR)**

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

Few evidences 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.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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

**Presentation of ECL allowance in balance sheet**

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

**Write off**

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

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

**d. De-recognition of financial assets and financial liabilities**

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

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

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

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

**e. Modifications of financial assets and financial liabilities****Financial assets**

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

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

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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(CCIRS)/Cross currency swaps(CCS). Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognized in the statement of profit and loss immediately. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

**iv. Employee benefits****i. Short term employee benefits**

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

**ii. Post-employment benefits****a. Defined Contribution Plans**

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



**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023****b. Defined Benefit Plans**

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

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

**v. Property, plant and equipment****Recognition and measurement**

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

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

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

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

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

**Subsequent costs**

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

**Depreciation**

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the financial statements for the Year ended 31 March 2023**

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

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

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

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

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

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

**vi. Intangibles**

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

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

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

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

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

**Intangibles**

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

<b>Asset</b>	<b>Useful life (Years) as per Schedule II</b>
Computer Software	5

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Notes to the financial statements for the Year ended 31 March 2023**

**vii. Leases**

**(i) The Company as Lessee**

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

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

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

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

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

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

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

**(ii) The Company as lessor-**

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

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

Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

**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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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 be required 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.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

**xi. Income taxes**

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

**a. Current tax**

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

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

- a) has a legally enforceable right to set off the recognized amounts; and
- b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**b. Deferred tax**

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

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

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

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

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

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

**xii. Goods and services tax input credit**

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

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED****Notes to the financial statements for the Year ended 31 March 2023**

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

**xiii. Earnings per share (EPS)**

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

**xiv. Cash and cash equivalent**

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

**xv. Cash flow statement**

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

**xvi. Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

**xvii. Collateral valuation and repossession**

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

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

**xviii. Segment Reporting**

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

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



(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
<b>3 Cash and cash equivalents</b>		
Cash on hand	0.00	0.00
Balances with banks in current accounts	260.48	246.83
Bank deposits (with original maturity less than 3 months)	1,850.76	2,328.45
	<b>2,111.24</b>	<b>2,575.28</b>

Particulars	31 March 2023			31 March 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
<b>4 Derivative financial instruments (at FVTPL)</b>						
<b>Part I</b>						
<b>(i) Currency and interest derivatives:</b>						
Cross currency interest rate swaps/Cross currency swaps	11,203.64	453.36	62.42	16,854.71	659.86	35.20
<b>Total</b>	<b>11,203.64</b>	<b>453.36</b>	<b>62.42</b>	<b>16,854.71</b>	<b>659.86</b>	<b>35.20</b>
<b>Part II</b>						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
<b>(i) Undesignated derivatives</b>	11,203.64	453.36	62.42	16,854.71	659.86	35.20
<b>Total Derivative</b>	<b>11,203.64</b>	<b>453.36</b>	<b>62.42</b>	<b>16,854.71</b>	<b>659.86</b>	<b>35.20</b>

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

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

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

Particulars	31 March 2023	31 March 2022
<b>5 Trade receivables</b>		
Receivables considered good - secured	-	-
Receivables considered good - unsecured	36.73	22.56
Less : Impairment loss allowance	-	-
	<b>36.73</b>	<b>22.56</b>

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

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

There are no trade receivables which are under dispute.

**Ageing of trade receivables :**

Particulars	31 March 2023						
	Outstanding for following periods from the transaction date						
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years
Receivables considered good - unsecured	-	20.60	11.87	4.26	-	-	-
Less : Impairment loss allowance	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>20.60</b>	<b>11.87</b>	<b>4.26</b>	<b>-</b>	<b>-</b>	<b>-</b>
Particulars	31 March 2022						
	Outstanding for following periods from the transaction date						
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years
Receivables considered good - unsecured	-	17.05	5.46	0.05	-	-	-
Less : Impairment loss allowance	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>17.05</b>	<b>5.46</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
<b>6 Loans (at amortised cost)</b>		
<b>(A)</b>		
(i) Term loans	84,883.21	66,790.22
(ii) Inventory financing	4,441.24	3,988.93
(iii) Finance lease	180.87	-
<b>Total (A) - Gross</b>	<b>89,505.32</b>	<b>70,779.15</b>
Less: Impairment loss allowance	(2,988.78)	(3,226.36)
<b>Total (A) - Net</b>	<b>86,516.54</b>	<b>67,552.79</b>
<b>(B)</b>		
(i) Secured by tangible assets	89,283.82	70,729.15
(ii) Covered by bank/ government guarantee /others	221.50	50.00
(iii) Unsecured	-	-
<b>Total (B) - Gross</b>	<b>89,505.32</b>	<b>70,779.15</b>
Less: Impairment loss allowance	(2,988.78)	(3,226.36)
<b>Total (B) - Net</b>	<b>86,516.54</b>	<b>67,552.79</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
(i) Public sector	-	-
(ii) Automobile financing*	89,505.32	70,779.15
<b>Total (C) - Gross</b>	<b>89,505.32</b>	<b>70,779.15</b>
Less: Impairment loss allowance	(2,988.78)	(3,226.36)
<b>Total (C) (I) -Net</b>	<b>86,516.54</b>	<b>67,552.79</b>
<b>(II) Loans outside India</b>	-	-
Less: Impairment loss allowance	-	-
<b>Total (C) (II) -Net</b>	<b>-</b>	<b>-</b>
<b>Total (C) (I) and (C) (II)</b>	<b>86,516.54</b>	<b>67,552.79</b>
*Includes auto dealer financing		
The Company exposure to credit risk and interest rate risk are disclosed in note no. 43		
As on 31 March 2023, Loans amounting to Rs 25,458.55 million (i.e.Gross basis -excluding ECL Provision) has been hypothecated against the NCD issuance.		
The following loans or advances in the nature of loans were granted to promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013)		
i. Promoters : Amount of loan or advance in the nature of loan outstanding	-	-
Percentage to the total Loans and Advances in the nature of loans	-	-
ii. Directors : Amount of loan or advance in the nature of loan outstanding	0.77	-
Percentage to the total Loans and Advances in the nature of loans	0.00%	-
iii. KMPs : Amount of loan or advance in the nature of loan outstanding	-	-
Percentage to the total Loans and Advances in the nature of loans	-	-
iv. Related Parties : Amount of loan or advance in the nature of loan outstanding	-	-
Percentage to the total Loans and Advances in the nature of loans	-	-
<b>7 Investments (at amortised cost)</b>		
<b>(I) In India</b>		
Government securities	2,547.48	2,419.40
<b>(II) Outside India</b>	-	-
<b>Gross Investments (I+II)</b>	<b>2,547.48</b>	<b>2,419.40</b>
Less: Impairment loss allowance	-	-
<b>Net Investments</b>	<b>2,547.48</b>	<b>2,419.40</b>
The Company exposure to credit risk and interest rate risk are disclosed in note no. 43		
<b>8 Other financial assets</b>		
<b>Unsecured, considered good</b>		
Rental deposits	52.89	38.51
Loans to employees	0.79	0.79
Other financial assets	-	0.02
	<b>53.68</b>	<b>39.32</b>
<b>9 Current tax assets (net)</b>		
<b>Considered good</b>		
Advance tax and tax deducted at source (net of provision)	98.03	133.82
	<b>98.03</b>	<b>133.82</b>

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

Particulars	31 March 2023	31 March 2022
<b>Deferred tax asset</b>		
- On provisions for impairment loss	691.32	757.37
- On mark to market interest rate swap	47.57	58.93
- On provision for compensated absences	8.80	8.14
- On provision for provident fund liability	4.85	4.85
- On provisions for undisbursed commitments	1.19	2.20
- On lease liability over right of use	2.91	3.80
- On depreciation	1.26	-
- On remeasurements of the defined benefit plans	0.48	0.62
- On others	5.71	1.04
<b>Deferred tax liabilities</b>		
- On depreciation		(2.95)
- On EIR of retail and INF assets	(182.83)	(97.17)
- On debenture and commercial paper issue expenses	(2.52)	(3.03)
<b>Deferred tax assets (net)</b>	<b>578.74</b>	<b>733.80</b>
<b>Movement in net deferred tax asset during the year</b>	<b>(155.06)</b>	<b>(48.79)</b>

Particulars	31 March 2023		31 March 2022	
	Recognized in profit or loss	Recognized in OCI	Recognized in profit or loss	Recognized in OCI
- On provisions for impairment loss	(66.05)	-	4.38	-
- On mark to market interest rate swap	(11.36)	-	(26.13)	-
- On provision for compensated absences	0.66	-	2.03	-
- On provision for interest on interest	-	-	(5.01)	-
- On provisions for undisbursed commitments	(1.01)	-	(2.37)	-
- On lease liability over right of use	(0.89)	-	(0.72)	-
- On depreciation	4.21	-	(3.18)	-
- On EIR of retail and INF assets	(85.66)	-	(22.91)	-
- On debenture and commercial paper issue expenses	0.51	-	3.66	-
- On remeasurements of the defined benefit plans	-	(0.15)	-	1.10
- On others	4.68	-	0.36	-
<b>Movement in net deferred tax asset during the year</b>	<b>(154.91)</b>	<b>(0.15)</b>	<b>(49.89)</b>	<b>1.10</b>

Particulars	31 March 2023	31 March 2022
<b>A. Amounts recognized in statement of profit and loss</b>		
Current tax expense		
In respect of current year	255.45	240.61
In respect of prior years	-	-
	<b>255.45</b>	<b>240.61</b>
Deferred tax expense		
Origination and reversal of temporary differences arisen in current year	154.91	49.89
In respect of prior years	-	-
Reduction in tax rate	-	-
	<b>154.91</b>	<b>49.89</b>
<b>Tax expense recognized in the statement of profit &amp; loss</b>	<b>410.36</b>	<b>290.50</b>
<b>B. Amounts recognized in other comprehensive income</b>		
Income tax relating to items that will not be reclassified to profit or		
Remeasurements of defined benefit liability (asset)	(0.15)	1.10
<b>Tax expense recognised in Other comprehensive income</b>	<b>(0.15)</b>	<b>1.10</b>

C. Reconciliation of effective tax rate

<b>Profit / (loss) before tax</b>	<b>1,650.14</b>	<b>1,131.51</b>
Enacted income tax rate in India	<b>25.17%</b>	<b>25.17%</b>
Computed expected tax expense	415.34	284.80
<b>Tax effect of:</b>		
Non-deductible expenses	(17.20)	24.20
Tax effect of earlier years	-	-
Others	12.22	(18.50)
<b>Total income tax expense</b>	<b>410.36</b>	<b>290.50</b>

**Toyota Financial Services India Limited**

Notes to the financial statements for the year ended 31 March 2023

**11 Property, plant and equipment**

(Amounts are in Rs. Million)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01 April 2022	Additions	Deductions	Balance as at 31 Mar 2023	Balance as at 01 April 2022	Charge for the period	Deductions	Balance as at 31 Mar 2023	Balance as at 31 Mar 2023	Balance as at 31 March 2022
Leasehold improvements	15.26	-	-	15.26	9.08	2.64	-	11.72	3.54	6.18
Computers & servers	68.79	36.12	14.86	90.05	50.46	16.40	14.82	52.04	38.01	18.33
Furniture and fixtures	12.28	1.24	2.52	11.00	7.50	0.85	2.52	5.83	5.17	4.78
Vehicles	17.86	-	-	17.86	5.39	2.24	-	7.63	10.23	12.47
Office equipment	8.31	2.13	0.06	10.38	6.56	1.07	0.06	7.57	2.81	1.75
Leased vehicles	522.15	227.62	280.76	469.01	123.12	158.32	135.79	145.65	323.36	399.03
<b>TOTAL</b>	<b>644.65</b>	<b>267.11</b>	<b>298.20</b>	<b>613.56</b>	<b>202.11</b>	<b>181.52</b>	<b>153.19</b>	<b>230.44</b>	<b>383.12</b>	<b>442.54</b>

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

The Company does not hold any immovable property as at 31 March 2023 and 31 March 2022. All the lease agreements are duly executed in the favour of the Company for properties where the Company is the lessee.

12 Other Intangible assets and intangible assets under development

(a) Other Intangible assets:

(Amounts are in Rs. Million)

PARTICULARS	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01 April 2022	Additions	Deductions	Balance as at 31 Mar 2023	Balance as at 01 April 2022	Charge for the period	Balance as at 31 Mar 2023	Balance as at 31 Mar 2023
Computer software	243.52	24.36	-	267.88	78.44	44.60	-	123.04
Other intangible assets	243.52	24.36	-	267.88	78.44	44.60	-	123.04
PARTICULARS	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01 April 2021	Additions	Deductions	Balance as at 31 March 2022	Balance as at 01 April 2021	Charge for the year	Balance as at 31 March 2022	Balance as at 31 March 2021
Computer software	114.45	129.07	-	243.52	54.52	23.92	-	78.44
Other intangible assets	114.45	129.07	-	243.52	54.52	23.92	-	78.44

For details of contractual commitments, refer note 35

(b) Intangible assets under development:

PARTICULARS	Balance as at 31 Mar 2023	Balance as at 31 March 2022
Intangible assets under development:	-	17.23

i) Ageing of intangible assets under development

Particulars	31 March 2023					31 March 2022				
	Amounts in intangible assets under development for					Amounts in intangible assets under development for				
	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
(i) Projects in progress	-	-	-	-	-	13.41	3.82	-	#	17.23
(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	13.41	3.82	-	-	17.23

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

Particulars	31 March 2023					31 March 2022				
	To be completed in					To be completed in				
	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total	Less than 1 year	1- 2 years	2 - 3 years	more than 3 years	Total
(i) Projects in progress	-	-	-	-	-	10.56	-	-	#	10.56
Management information system	-	-	-	-	-	-	-	-	#	-
(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	10.56	-	-	-	10.56

13 Right-of-use assets

Particulars	31 March 2023			31 March 2022		
	Office Premises	Data Center	Total	Office Premises	Data Center	Total
Balance as at the beginning of the year	53.78	-	53.78	100.56	7.73	108.29
Add: Additions during the year	50.65	-	50.65	-	-	-
Less: Deductions during the year	-	-	-	2.97	-	2.97
Less: Depreciation charge for the year	46.06	-	46.06	43.81	7.73	51.54
Balance as at the end of year	58.37	-	58.37	53.78	-	53.78

Refer Note 37

(Amounts are in Rs. Million)			
Particulars	31 March 2023	31 March 2022	
<b>14 Other non-financial assets</b>			
Balances with government authorities (Goods and Service tax)	264.51	178.70	
Prepaid expenses	50.56	48.36	
Advance payment to vendors	24.51	9.73	
Capital advances	2.60	4.96	
Stamp and stamp papers on hand	1.50	3.70	
Advance payment to employees	0.43	0.68	
Other advances	12.80	-	
	<b>356.91</b>	<b>246.13</b>	
<b>15 Trade payables</b>			
Total outstanding dues of Micro, Small and Medium Enterprises	(A)	13.59	26.10
Total outstanding dues of creditors other than Micro, Small and Medium Enterprises			
- Payable to dealers		440.07	786.05
- Others		497.72	454.51
	(B)	<b>937.79</b>	<b>1,240.56</b>
<b>Total</b>	<b>(A+B)</b>	<b>951.38</b>	<b>1,266.66</b>

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

**a) Ageing of trade payables :**

31 March 2023								
Particulars	Outstanding for following periods from the transaction date							Total
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years	
<b>Undisputed trade payables</b>								
Micro, small and medium	11.78	0.85	0.93	0.03				<b>13.59</b>
Others	117.93	603.06	76.79	26.19	16.37	23.59	73.86	<b>937.79</b>
<b>Total</b>	<b>129.71</b>	<b>603.91</b>	<b>77.72</b>	<b>26.22</b>	<b>16.37</b>	<b>23.59</b>	<b>73.86</b>	<b>951.38</b>
31 March 2022								
Particulars	Outstanding for following periods from the transaction date							Total
	Unbilled	Not due	Less than 6 months	6 months - 1 year	1- 2 years	2 - 3 years	more than 3 years	
<b>Undisputed trade payables</b>								
Micro, small and medium	25.54	-	0.56	-	-	-	-	<b>26.10</b>
Others	165.40	-	910.91	15.41	30.39	31.53	86.92	<b>1,240.56</b>
<b>Total</b>	<b>190.94</b>	<b>-</b>	<b>911.47</b>	<b>15.41</b>	<b>30.39</b>	<b>31.53</b>	<b>86.92</b>	<b>1,266.66</b>

**b) Dues to Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 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 2023	31 March 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	13.59	26.10
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	0.28	0.44
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.10	0.28
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.10	0.28

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.



(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
<b>16 Debt Securities</b> (at amortised cost)		
Non convertible debentures (Secured)	23,143.38	20,088.11
INR denominated ECB bond (Unsecured)	-	3,646.17
Commercial paper (Unsecured)	2,472.45	1,489.55
	<b>25,615.83</b>	<b>25,223.83</b>
Debt securities in India	25,615.83	21,577.66
Debt securities outside India	-	3,646.17
	<b>25,615.83</b>	<b>25,223.83</b>

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

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

**31 March 2023**

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.76 - 5.75	8,389.88	1,999.41	-	10,389.29
5.76 - 6.75	2,547.71	1,998.69	-	4,546.40
6.76 - 7.75	56.94	1,498.93	-	1,555.87
7.76 - 8.75	155.93	4,997.59	1,498.30	6,651.82
	<b>11,150.46</b>	<b>10,494.62</b>	<b>1,498.30</b>	<b>23,143.38</b>

**31 March 2022**

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.76 - 5.75	3,310.94	10,386.84	-	13,697.78
5.76 - 6.75	1,846.64	4,543.69	-	6,390.33
6.76 - 7.75	-	-	-	-
7.76 - 8.75	-	-	-	-
	<b>5,157.58</b>	<b>14,930.53</b>	<b>-</b>	<b>20,088.10</b>

The secured, redeemable, Non-Convertible Debentures ('NCDs') of the Company - both listed as well as unlisted are secured through first ranking exclusive charge by way of hypothecation over the loan receivables. Asset cover available as on 31 March 2023 of the Non-Convertible Debentures issued by the Company is 1.1. The NCDs issued by the Company are listed on the National Stock Exchange (NSE).

The Company has power to reissue Non-Convertible Debentures as per applicable law and in line with terms & conditions of respective Debenture Trust Deeds.

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

**31 March 2023**

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

\*Privately placed, unsecured, unlisted, unrated.

**31 March 2022**

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

\*Privately placed, unsecured, unlisted, unrated.

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

Particulars	31 March 2023	31 March 2022
Commercial Paper	2,500.00	1,500.00
Less : unamortised Discount	27.55	10.45
	<b>2,472.45</b>	<b>1,489.55</b>

**31 March 2023**

Interest rate (%)	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
5.01-6.00	996.28	-	-	996.28
7.01-8.00	1,476.17	-	-	1,476.17
	<b>2,472.45</b>	<b>-</b>	<b>-</b>	<b>2,472.45</b>

**31 March 2022**

Particulars	Due within 1 year	Due 1 to 3 years	Due 3 to 5 years	Total
4.00 - 5.00	1,489.55	-	-	1,489.55

Particulars	31 March 2023	31 March 2022
<b>17 Borrowings (other than debt securities) (at amortised cost)</b>		
(a) Term loans (unsecured)		
(i) from banks	41,409.13	33,416.78
(b) Loans from related parties	5,413.05	
(c) Loans repayable on demand (unsecured)		
(i) from banks	-	-
	<b>46,822.18</b>	<b>33,416.78</b>
Borrowings in India	31,062.01	12,051.07
Borrowings outside India	15,760.17	21,365.71
	<b>46,822.18</b>	<b>33,416.78</b>

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

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

All the above Term Loans and ECBs are repayable on bullet payment basis except Term Loan amounting to INR 4,270.83 million is repayable on quarterly instalment.

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

Particulars	31 March 2023		31 March 2022	
	In India	Outside India	In India	Outside India
0-1 years	11,474.51	2,548.81	6,400.62	13,011.46
1-3 years	19,587.50	7,798.31	5,650.45	8,354.25
3-5 years	-	-	-	-
>5 years	-	-	-	-
	<b>31,062.01</b>	<b>10,347.12</b>	<b>12,051.07</b>	<b>21,365.71</b>

Interest rates range 5.65% p.a. to 8.95% p.a.(including Hedge cost for ECB) (Interest rates range 3.95% p.a. to 7.65% p.a. 31 March 2022) for the borrowings outstanding as at 31 March 2023.

**b) Schedule of repayment of Loans from Related party**

Particulars	31 March 2023		31 March 2022	
	In India	Outside India	In India	Outside India
0-1 years	-	0.39	-	-
1-3 years	-	5,412.66	-	-
3-5 years	-	-	-	-
>5 years	-	-	-	-
	-	<b>5,413.05</b>	-	-

Interest rates range 7.51% p.a. to 7.89% p.a. (including hedge cost) for the borrowings outstanding as at 31 March 2023.

The Company has utilised/utilises the funds for which it was/is raised.

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

Toyota Financial Services India Limited  
Notes to the financial statements for the year ended 31 March 2023

(Amounts are in Rs. Million)		
Particulars	31 March 2023	31 March 2022
<b>18 Lease liabilities</b>		
Balance as at the beginning of the year	59.78	114.86
Add: Additions during the year	48.17	-
Add: Interest charge for the year	1.94	4.83
Less: Deductions during the year	-	3.03
Less: Lease payment made during the year	49.36	56.88
Balance as at the end of the quarter and year	<b>60.53</b>	<b>59.78</b>
<b>19 Other financial liabilities</b>		
Earnest money deposit	3.40	3.03
Other financial liabilities	0.92	0.39
	<b>4.32</b>	<b>3.42</b>
<b>20 Current tax liabilities (net)</b>		
Provision for tax (net of advance tax and tax deducted at sources)	-	-
	<b>-</b>	<b>-</b>
<b>21 Provisions</b>		
Provision for expected credit loss on undisbursed loan commitments	4.74	8.75
Provision for leased assets (Operating Lease)	5.96	8.80
Provision for employee benefits		
- Bonus	83.72	71.03
- Gratuity	3.82	4.99
- Compensated absences	34.98	32.31
	<b>133.22</b>	<b>125.88</b>
<b>22 Other non- financial liabilities</b>		
Rent equalisation	0.61	
Statutory liabilities	70.79	49.00
	<b>71.40</b>	<b>49.00</b>

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

Particulars			31 March 2023	31 March 2022
23 Equity share capital				
Authorized equity shares				
1,30,79,72,957(31 March 2022: 95,79,72,957) Equity Shares of INR 10 each			13,079.73	9,579.73
			<b>13,079.73</b>	<b>9,579.73</b>
Issued, subscribed and fully Paid up equity shares				
1,11,01,46,870 ( 31 March 2022: 95,79,72,957) equity shares of INR 10 each			11,101.47	9,579.73
			<b>11,101.47</b>	<b>9,579.73</b>
(a) Reconciliation of number of shares		31 March 2023		31 March 2022
Particulars	No of shares	Amount	No of shares	Amount
Balance at the beginning of the year				
Equity Shares	95,79,72,957	9,579.73	95,79,72,957	9,579.73
Add: Shares Issued during the year				
Equity Shares	15,21,73,913	1,521.74	-	-
Balance at the end of the year				
Equity Shares	1,11,01,46,870	11,101.47	95,79,72,957	9,579.73

During the year 15,21,73,913 equity shares of Rs 10 each have been allotted on 23 Jan 2023 for cash , at a premium of Rs. 13 each( Total of Rs 3,49,99,99,999) pursuant to a resolution of shareholders passed at Extraordinary General Meeting held on 22 Dec 2022. 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 2023, no shares have been bought back and no shares have been allotted as fully paid up by way of bonus shares or pursuant to contracts without payment being received in cash.

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

Particulars	31 March 2023	31 March 2022
1,11,01,46,870 (31 March 2022: 95,79,72,957) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	1,11,01,46,870	95,79,72,957

**(d) Shares held by Promoters and its nominees**

Particulars	31 March 2023	31 March 2022
1,11,01,46,870 ( 31 March 2022: 95,79,72,957) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	1,11,01,46,870	95,79,72,957

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

Particulars	31 March 2023	31 March 2022
<b>Equity Shares:</b>		
Toyota Financial Services Corporation, Japan, the holding Company and its nominees	1,11,01,46,870	95,79,72,957
Percentage holding	100.00%	100%

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

**(f). Objectives for managing capital**

Refer note 41 for capital management.

Particulars	31 March 2023	31 March 2022
<b>24 Other equity</b>		
Statutory reserve	852.67	604.71
Security premium account	5,295.03	3,320.27
Retained earnings	2,370.05	1,378.23
Other comprehensive income	(1.46)	(1.90)
	<b>8,516.29</b>	<b>5,301.31</b>

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 NBFCs. This reserve could be used for purposes as stipulated by the Reserve Bank of India from time to time.

## 2. Securities premium

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

### 3. Retained earnings

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

#### 4. Other comprehensive income (OCI)

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

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

(Amounts are in Rs. Million)		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>25 Interest income (on financial assets measured at amortised cost)</b>		
Interest on loans	6,576.38	6,112.79
Interest on deposits with banks	57.03	52.63
Interest on investment	134.47	45.58
	<b>6,767.88</b>	<b>6,211.00</b>
<b>26 Net gain on fair value changes*</b>		
(A) Net gain on financial instruments at fair value through profit or loss		
-Derivatives	45.09	103.87
	<b>45.09</b>	<b>103.87</b>
(B) Fair value changes:		
-Realised	178.48	-
-Unrealised	(133.39)	103.87
	<b>45.09</b>	<b>103.87</b>
<b>27 Others</b>		
Foreclosure charges	167.76	129.47
Late payment interest	86.43	89.99
Bounce charges	53.99	48.76
Documentation charges	13.02	8.25
Other charges	43.51	29.23
	<b>364.71</b>	<b>305.70</b>
<b>28 Other income</b>		
Net gain on derecognition of property, plant and equipment	13.18	1.55
Interest on income tax refund	4.66	-
Miscellaneous income	1.48	0.43
Income from Mutual Fund	14.28	-
Interest on Security Deposit	2.31	-
	<b>35.91</b>	<b>1.98</b>
<b>29 Finance costs (on financial liabilities measured at amortised cost)</b>		
Interest on debt securities	1,355.53	1,641.54
Interest on borrowings (other than debt securities)**	2,594.19	1,750.06
Interest on lease liability	1.94	4.62
Other interest expense	1.68	3.70
	<b>3,953.34</b>	<b>3,399.92</b>
<b>30 Impairment on financial instruments</b>		
(on financial assets measured at amortised cost)		
Loans		
- Loan loss provisioning	(346.19)	(5.55)
- Bad debt written off (net of recoveries)	264.86	648.73
	<b>(81.33)</b>	<b>643.18</b>
<b>31 Employee benefit expenses</b>		
Salaries and wages	650.82	520.66
Contribution to Provident and other funds	30.48	23.85
Gratuity	8.43	6.62
Staff welfare expenses	27.78	18.36
	<b>717.51</b>	<b>569.49</b>

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

\*\*Interest on borrowings (other than debt securities) includes swap cost incurred on derivatives taken on foreign currency loans through cross currency interest rate swap/cross currency swap.

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

(Amounts are in Rs. Million)		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>32 Depreciation, amortisation and impairment</b>		
Depreciation on property, plant and equipment	181.52	156.68
Amortisation of intangible assets	44.60	23.92
Depreciation on right-of-use assets	46.06	51.54
	<b>272.18</b>	<b>232.14</b>
<b>33 Other expenses</b>		
Collection charges	297.04	366.68
Information technology services	177.06	120.49
Legal and professional charges	122.33	99.53
Rent, taxes and energy costs	23.90	19.98
Postage and courier	19.29	17.05
Communication costs	18.41	16.30
Travelling and conveyance	37.77	16.21
Repairs and maintenance	13.25	11.25
Printing and stationery	12.60	10.98
Recruitment expenses	12.77	9.81
Advertisement and publicity	16.97	9.11
Expenditure towards corporate social responsibility (CSR) activities*	10.58	7.49
Credit rating fees and other expenses	8.00	6.03
Auditor's fees and expenses		
as statutory auditor	6.20	5.20
as tax auditor	0.25	0.25
for other services	0.55	1.05
for reimbursement of expenses	1.17	1.05
Director's fees	0.76	0.76
Conference expenses	13.11	-
Net (gain) / loss on foreign currency transaction and translation (other than those considered as finance cost)	0.12	(0.01)
Other expenditure	102.70	86.85
	<b>894.83</b>	<b>806.06</b>

Includes transactions with related parties .Refer note no. 39

**\* Details of corporate social responsibility expenditure**

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

a. Amount required to be spent by the Company during the year	10.58	7.49
b. Amount spent during the year on		
(i) Construction/acquisition of any asset	10.16	6.42
(ii) On purposes other than (i) above	0.42	1.07
c. Shortfall at the end of the year	-	-
d. Total of previous years shortfall	-	-
e. Reason for shortfall	Not applicable	Not applicable
f. Nature of CSR activities	The focus area of CSR initiatives undertaken by the Company are education, health and environment.	The focus area of CSR initiatives undertaken by the Company are education, health and environment.
g. Details of related party transactions	-	-
h. where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-



34 Earnings per share

**Basic earnings per share**

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

(Amounts are in INR Million, except per share data)		
Earnings	31 March 2023	31 March 2022
Profit / (loss) for the year	1,239.78	841.01
<b>Shares</b>		
Basic outstanding shares	95,79,72,957	95,79,72,957
Effect of shares issued during the year	15,21,73,913	-
<b>Weighted average number of shares for computing basic EPS</b>	<b>98,63,23,165</b>	<b>95,79,72,957</b>
<b>Earning per share</b>		
Basic (in INR.)	1.26	0.88
Diluted (in INR.) *	1.26	0.88
Face value per share (INR)	10.00	10.00

\* There are no dilutive shares issued by the Company as on 31 March 2023 and 31 March 2022.

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

(Amounts are in Rs. Million)		
Particulars	31 March 2023	31 March 2022
<b>(i) Contingent liabilities:</b>		
(a) Claims against the Company not acknowledged as debt*		
Income tax matter under dispute for AY 2017-18	4.97	4.97
(b) Other money for which the Company is contingently liable		
- Bank guarantee provided by Bank on behalf of the Company	2.50	2.50
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.81	13.76

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

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

36 Maturity analysis of assets and liabilities

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

				(Amounts are in Rs. Million)		
Assets	31 March 2023			31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>I Financial assets</b>						
(a) Cash and cash equivalents	2,111.24	-	2,111.24	2,575.28	-	2,575.28
(b) Derivative financial instruments	278.70	174.66	453.36	591.48	68.38	659.86
(c) Trade receivables	36.73	-	36.73	22.56	-	22.56
(d) Loans	33,097.83	53,418.72	86,516.54	26,991.72	40,561.07	67,552.79
(e) Investments	2,547.48	-	2,547.48	2,419.40	-	2,419.40
(f) Other financial assets	40.51	13.16	53.67	0.81	38.51	39.32
<b>Total financial assets</b>	<b>38,112.49</b>	<b>53,606.54</b>	<b>91,719.03</b>	<b>32,601.25</b>	<b>40,667.96</b>	<b>73,269.21</b>
<b>II Non-financial assets</b>						
(a) Current tax assets (net)	-	98.03	98.03	-	133.82	133.82
(b) Deferred tax assets (net)	-	578.74	578.74	-	733.80	733.80
(c) Property, plant and equipment	-	383.12	383.12	-	442.54	442.54
(d) Intangible assets under development	-	-	-	-	17.23	17.23
(e) Other intangible assets	-	144.84	144.84	-	165.08	165.08
(f) Right-of-use assets	-	58.37	58.37	-	53.78	53.78
(g) Other non-financial assets	356.91	-	356.91	246.13	-	246.13
<b>Total non-financial assets</b>	<b>356.91</b>	<b>1,263.10</b>	<b>1,620.00</b>	<b>246.13</b>	<b>1,546.25</b>	<b>1,792.38</b>
<b>Total Assets</b>	<b>38,469.40</b>	<b>54,869.64</b>	<b>93,339.04</b>	<b>32,847.38</b>	<b>42,214.21</b>	<b>75,061.59</b>
Liabilities	31 March 2023			31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>I Liabilities</b>						
<b>i Financial liabilities</b>						
(a) Derivative financial instruments	-	62.42	62.42	-	35.20	35.20
(b) Payables						
Trade payables	951.38	-	951.38	1,266.66	-	1,266.66
(i) total outstanding dues of micro enterprises and small enterprises	13.59	-	13.59	26.10	-	26.10
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	937.79	-	937.79	1,240.56	-	1,240.56
(c) Debt securities	13,622.91	11,992.93	25,615.83	10,289.37	14,934.46	25,223.83
(d) Borrowings (other than debt securities)	14,023.72	32,798.46	46,822.18	19,466.47	13,950.31	33,416.78
(e) Lease liabilities	28.33	32.20	60.53	47.43	12.35	59.78
(f) Other financial liabilities	4.32	-	4.32	3.42	-	3.42
<b>Total financial liabilities</b>	<b>28,630.65</b>	<b>44,886.00</b>	<b>73,516.65</b>	<b>31,073.35</b>	<b>28,932.32</b>	<b>60,005.67</b>
<b>ii Non-financial liabilities</b>						
(a) Current tax liabilities (net)	-	-	-	-	-	-
(b) Provisions	133.22	-	133.22	125.88	-	125.88
(c) Other non-financial liabilities	71.40	-	71.40	49.00	-	49.00
<b>Total non-financial liabilities</b>	<b>204.62</b>	<b>-</b>	<b>204.62</b>	<b>174.88</b>	<b>-</b>	<b>174.88</b>
<b>Total Liabilities</b>	<b>28,835.27</b>	<b>44,886.00</b>	<b>73,721.27</b>	<b>31,248.23</b>	<b>28,932.32</b>	<b>60,180.55</b>

37 Lease

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has discounted lease payments using the applicable incremental borrowing rate for measuring the lease liability.

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

A. Lease disclosures as Lessee

(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
(a) The expense relating to short-term leases during the year	0.42	0.42
(b) The expense relating to leases of low-value assets during the year	0.11	0.11
(c) The expense relating to variable lease payments not included in the measurement of lease liability	-	-
(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	46.06	51.54
(g) Interest expense (included in finance cost)	1.94	4.83
(h) Future lease payments-		
within one year	31.40	49.36
after one year but not more than five years	34.38	12.46
more than five years	-	-
(i) Future lease payments for low-value assets -		
within one year	0.11	0.11
after one year but not more than five years	-	-
more than five years	-	-

B. Operating leases as Lessor

The Company finances 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 2023	31 March 2022
(a) Lease income recognised in the Statement of Profit and Loss during the year	186.22	155.73
(b) Future lease income-		
within one year	99.54	160.61
after one year but not more than five years	82.08	59.69
more than five years	-	-

The gross carrying amount, accumulated depreciation and net carrying amount of vehicles given on lease as at 31 March 2023 and 31 March 2022 are disclosed in note 11.

C. Finance leases as Lessor

The Company finances vehicles under Finance Lease. The Company enters into finance lease agreements ranging between one to five years. The reconciliation between the total gross investment in the lease at the balance sheet date and the present value of minimum lease payments receivable at the balance sheet are as follows:

Particulars	31 March 2023	31 March 2022
Minimum lease payment (a)	222.72	-
Unearned finance income (b)	41.85	-
<b>Present value of minimum lease payments (a-b)</b>	<b>180.87</b>	<b>-</b>

Gross investment in lease and present value of minimum lease payments for each of the following periods are as follows:

Particulars	31 March 2023	31 March 2022
	Gross investment in lease	
Less than one year (a)	116.88	-
Between one and five years (b)	63.98	-
Present value of minimum lease payments(a) +(b)	180.87	-

Other relevant disclosures for finance leases as lessor:

Particulars	31 March 2023	31 March 2022
Accumulated allowance for uncollectible minimum lease payments receivable	0.73	-

38 Segment reporting

The Company is engaged primarily in the business of vehicle financing and there are no separate reportable segments as per Ind AS 108 "Operating Segments".

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**39 Related parties**

**A. Nature of relationship and names of related parties**

(i) Ultimate Holding Company	Toyota Motor Corporation, Japan
(ii) Holding Company	Toyota Financial Services Corporation, Japan
(iii) Fellow Subsidiaries with which the Company had transactions (parties under common control)	Toyota Kirloskar Motor Private Limited Toyota Motor Credit Corporation Toyota Motor Asia Pacific Pte Ltd Toyota Daihatsu Engineering & Manufacturing Co. Ltd. Toyota Motor Finance (Netherlands) B.V.
(iv) Other affiliated companies with which the Company had transactions (parties under same group)	Toyota Tsusho Systems, Singapore Toyota Tsusho Systems, Thailand Toyota Tsusho Systems India Pvt Ltd Toyota Lakozy Auto Pvt Ltd Koyo Bearings India Pvt Ltd
(v) Key Management Personnel	Narayanaswamy Raja - Managing Director and CEO Manabu Ueno - Whole Time Director (Retired w.e.f. 31 December 2022) Anupam Vasdani - Chief Financial Officer Nithya Prabhu R - Company Secretary
(v) Directors	Ms. Sunita Rajiv Handa - Independent Director Mr.Masayoshi Hori - Non-Executive Director(Appointed w.e.f. 03 August 2022) Mr.V Prakash - Independent Director (Appointed w.e.f.14 November 2022) Mr.Hao Quoc Tien (Resigned w.e.f. 10 August 2022) Mr.Masakazu Yoshimura (Resigned w.e.f. 08 Jun 2022)

**B. Transactions with key managerial personnel**

**i. Key managerial personnel compensation**

Key managerial personnel compensation comprised of the following

(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
<b>Remuneration to Managing Director</b>		
Short-term employee benefits	19.21	17.43
<b>Remuneration to Whole time Director</b>		
Short-term employee benefits*	20.72	25.56
<b>Remuneration to Chief Financial Officer</b>		
Short-term employee benefits	11.02	9.97
<b>Remuneration to Company Secretary</b>		
Short-term employee benefits	2.68	2.29
<b>Remuneration to Non-Executive Director</b>		
(i) Mr.Masakazu Yoshimura (Resigned w.e.f. 08 Jun 2022)	-	-
(ii) Mr.Hao Quoc Tien (Resigned w.e.f. 10 August 2022)	-	-
(iii) Mr.Masayoshi Hori (Appointed w.e.f 03 August 2022)	-	-
<b>Directors sitting fees</b>		
(i) Ms. Sunita Rajiv Handa (Appointed w.e.f. 10 September 2021)	0.50	0.20
(ii) Ms.Asha Sampath (Retired w.e.f.28 September 2021)	-	0.30
(iii) Mr.Ashok Rao Baswa (Resigned w.e.f.13 August 2021)	-	0.30
(iv) Mr.V Prakash (Appointed w.e.f.14 November 2022)	0.20	-

**ii. Loans to KMP**

<b>Loans to Managing Director</b>		
Vehicle Loan(Sanctioned amount)	1.00	-
Vehicle Loan Receivable(as on 31 Mar 2023)	0.77	-
Vehicle Loan Repaid (FY 2022-23)	0.23	-
Interest Income (FY 2022-23)	0.05	-

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**Related parties (Continued)**

**iii Other related parties transactions**

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

(Amounts are in Rs. Million)		
Particulars	31 March 2023	31 March 2022
<b>Toyota Kirloskar Motor Private Limited</b>		
(i) Expenses-		
Professional fees	-	11.12
Office rent	-	0.79
IT network communication	0.07	0.07
Others	1.15	0.47
(ii) Income-		
Incentive Fees	19.16	46.91
Lease income	28.49	29.14
Professional fees	-	0.61
(iii) Capital advance	2.60	-
(iv) Purchase of fixed asset	70.12	40.50
(v) Sale of fixed asset	11.00	4.11
<b>Toyota Financial Services Corporation</b>		
Professional fees	1.78	1.64
Staff welfare	-	0.27
Training expenses	0.01	0.02
Others	-	0.40
<b>Toyota Motor Credit Corporation</b>		
Information technology services	1.11	1.34
<b>Toyota Motor Asia Pacific Pte Ltd</b>		
Professional fees	3.13	2.07
Information technology services	3.49	3.36
<b>Toyota Daihatsu Engineering &amp; Manufacturing Co. Ltd.</b>		
Training expenses	-	0.41
<b>Toyota Tsusho Systems, Singapore</b>		
Information technology services	0.48	0.45
<b>Toyota Tsusho Systems, Thailand</b>		
Information technology services	1.69	5.05
<b>Toyota Tsusho Systems India Pvt Ltd</b>		
Information technology services	16.53	12.34
<b>Toyota Motor Finance (Netherlands)B.V.</b>		
Borrowings ( at applicable conversion rate on borrowing date)	5,336.98	-
Interest on Borrowings (at applicable conversion rate on 31 Mar 2023)	1.80	-
<b>Toyota Lakozy Auto Pvt Ltd</b>		
<b>i. Income</b>		
Interest Income	0.08	-
<b>ii. Expenses</b>		
Rent expenses	0.46	-
Commission paid	12.24	-
<b>Koyo Bearings India Pvt Ltd</b>		
Lease Income	0.63	-

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**Related parties (Continued)**

**Outstanding Balances:**

<b>Toyota Kirloskar Motor Private Ltd</b>		
Trade receivables	5.62	5.31
Trade payable	-	0.70
<b>Toyota Financial Services Corporation</b>		
Trade payable*	2.36	2.19
	-	
<b>Toyota Motor Credit Corporation</b>		
Trade Payable	0.27	0.18
<b>Toyota Motor Asia Pacific Pte Ltd</b>		
Trade payable	3.20	2.42
<b>Toyota Daihatsu Engineering &amp; Manufacturing Co. Ltd.</b>		
Trade payable	-	0.33
<b>Toyota Tsusho Systems, Singapore</b>		
Trade payable	-	-
<b>Toyota Tsusho Systems, Thailand</b>		
Trade payable	-	-
<b>Toyota Motor Finance (Netherlands)B.V.</b>		
Borrowings ( at applicable conversion rate on 31 March 2023)	5,412.66	-
Interest on Borrowings (at applicable conversion rate on 31 Mar 2023)	0.39	-
<b>Toyota Lakozy Auto Pvt Ltd</b>		
Trade payable	2.25	-
Loan Receivable (Inventory funding)	-	-
<b>Kovo Bearings India Pvt Ltd</b>		
Trade Receivable	0.07	-
<b>Toyota Tsusho Systems India Pvt Ltd</b>		
Trade payable	-	-

\* includes payment of expat home country salaries through Holding Company(TFSC, Japan) amounting to INR 1.95 Million (Previous year: 0.84 Millions).

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.

#### 40 Employee benefits

##### Defined contribution plan

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 27.61 millions (previous year INR 22.36 millions) for provident fund contributions and INR 0.21 millions (previous year INR 0.13 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 Rs. Million)		
Particulars	31 March 2023	31 March 2022
<b>A. Change in present value of obligations</b>		
Present value of defined benefit obligation at the beginning of the year	38.60	28.80
Current service cost	8.40	6.69
Interest cost	2.39	1.70
Remeasurements due to		
Actuarial loss / (gain) arising from change in financial assumptions	(2.09)	2.64
Actuarial loss / (gain) arising from change in demographic assumptions		
Actuarial loss / (gain) arising on account of experience changes	1.56	0.35
Past service cost		
Benefits paid	(3.64)	(1.58)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>45.22</b>	<b>38.60</b>
<b>B. Change in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	33.62	25.05
Expected return on plan assets	2.36	1.77
Remeasurements due to		
actual return on plan assets less interest on plan asset	0.05	(1.37)
Benefits paid	(3.64)	(1.58)
Employer contributions	9.01	9.75
<b>Fair value of plan assets at the end of the year</b>	<b>41.40</b>	<b>33.62</b>
<b>C. Change in net defined liability</b>		
Fair value of plan assets at the end of the year	41.40	33.62
Present value of funded defined benefit obligation	(45.22)	(38.60)
<b>Net asset / (liability)</b>	<b>(3.82)</b>	<b>(4.98)</b>
<b>D. Expense recognized in the statement of profit and loss</b>		
Current service cost	8.40	6.69
Interest cost	2.39	1.70
Interest income on plan assets	(2.36)	(1.77)
Past Service Cost	-	-
Net gratuity expense	<b>8.43</b>	<b>6.62</b>
<b>E. Remeasurements recognized in the OCI</b>		
- experience adjustments	1.56	0.35
- actuarial assumptions	(2.15)	4.01
	<b>(0.59)</b>	<b>4.36</b>
<b>F. Categories of plan assets</b>		
Property	-	-
Government Debt Instruments	-	-
Other Debt Instruments	-	-
Equity Instruments	-	-
Insurer managed funds	41.40	33.62
Others	-	-
<b>G. Expected cash flows for the following year</b>		
Expected total benefit payments		
Year 1	4.68	3.81
Year 2	5.46	4.38
Year 3	6.11	5.26
Year 4	8.47	6.16
Year 5	9.35	8.40
Above 5 Years	54.56	44.10



Employee benefits (continued)

H. Actuarial Assumptions

Particulars	31 March 2023	31 March 2022
Discount Rate	7.10%	6.50%
Salary escalation rate	9.5% for first 2 years and 10% thereafter	9.50% for first 2 years and 10.00% thereafter
Expected Return on plan assets	7.10%	6.50%
Attrition Rate - Age (Years)		
21-30	18.00%	18.00%
31-40	14.00%	14.00%
41-50	13.00%	13.00%
51-59	10.00%	10.00%
Mortality rate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the Company to actuarial risks, such as longevity and Interest rate risk, Investment Risk, Liquidity Risk, Market risk and Legislative Risk. The weighted average duration of the defined benefit obligation was 6 years (PY 31 March 2022: 6.00 years).

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

Expected contribution to the funds next year		(Amounts are in Rs. Million)	
Particulars		31 March 2023	31 March 2022
Gratuity Fund		3.82	4.98

Sensitivity analysis

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

Gratuity				
Particulars	March 31, 2023		31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(1.50)	1.60	(1.37)	1.46
% change	-3.32%	3.53%	-3.54%	3.78%
Withdrawal rate (50 bps movement)	(0.29)	0.30	(0.33)	0.35
% change	-0.64%	0.67%	-0.86%	0.90%
Salary escalation rate (50 bps movement)	1.34	(1.30)	1.26	(1.22)
% change	2.96%	-2.88%	3.27%	-3.15%

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.

#### 41 Capital Management

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

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

<b>Regulatory Capital</b>		<b>(Amounts are in Rs. Million)</b>	
<b>Particulars</b>	<b>31 March 2023</b>	<b>31 March 2022</b>	
Common Equity Tier1 (CET1) capital	18,843.61	13,449.13	
Tier 2 capital	693.49	490.24	
Total Capital	19,537.10	13,939.37	
Risk weighted assets	88,506.23	69,469.93	
CET1 capital ratio	21.29%	19.36%	
Total capital ratio	22.07%	20.07%	

#### 42 Financial instruments-fair value and risk management

##### Accounting classification and fair values

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

##### Fair value hierarchy

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

a) recognised and measured at fair value and

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

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

##### Financial instruments measured at FVTPL for which fair values are disclosed

The table below presents information pertaining to the carrying amounts and fair values of financial instruments.

(Amounts are in Rs. Million)					
Particulars	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>31 March 2023</b>					
<b>Financial assets</b>					
<b>Derivative financial instruments (at FVTPL)</b>					
Cross Currency Interest Rate swap/Cross Currency swap*	-	453.36	-	453.36	453.36
<b>Financial liabilities</b>					
<b>Derivative financial instruments (at FVTPL)</b>					
Cross Currency Interest Rate swap/Cross Currency swap*	-	62.42	-	62.42	62.42

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

##### 31 March 2022

##### Financial assets

##### Derivative financial instruments (at FVTPL)

Cross Currency Interest Rate swap/Cross Currency swap#	-	659.86	-	659.86	659.86
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##### Financial liabilities

##### Derivative financial instruments (at FVTPL)

Cross Currency Interest Rate swap/Cross Currency swap#	-	35.20	-	35.20	35.20
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# The swaps are priced based on interbank swap curve quoted against the corresponding IBOR tenor. Rupee cash flows are discounted using MIFOR curve.

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

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

(Amounts are in Rs. Million)					
Particulars	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>31 March 2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,111.24	-	-	2,111.24	2,111.24
Trade receivables	-	-	36.73	36.73	36.73
Loans	-	-	86,130.92	86,130.92	86,516.54
Investments	2,547.48	-	-	2,547.48	2,547.48
Other financial assets	-	-	53.68	53.68	53.68
<b>Financial liabilities</b>					
Trade Payables	-	-	951.38	951.38	951.38
Debt securities	-	22,860.63	2,472.45	25,333.08	25,615.83
Borrowings *	-	-	46,295.85	46,295.85	46,822.18
Lease Liabilities	-	-	60.53	60.53	60.53
Other financial liabilities	-	-	4.32	4.32	4.32
<b>31 March 2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,575.28	-	-	2,575.28	2,575.28
Trade receivables	-	-	22.56	22.56	22.56
Loans	-	-	68,178.64	68,178.64	67,552.79
Investments	2,419.40	-	-	2,419.40	2,419.40
Other financial assets	-	-	39.32	39.32	39.32
<b>Financial liabilities</b>					
Trade Payables	-	-	1,266.66	1,266.66	1,266.66
Debt securities	-	20,155.51	5,135.72	25,291.23	25,223.83
Borrowings **	-	-	33,295.31	33,295.31	33,416.78
Lease Liabilities	-	-	59.78	59.78	59.78
Other financial liabilities	-	-	3.42	3.42	3.42

\*\* Fair value has been calculated for fixed rate borrowings, which have an original tenor of greater than 1 year.

Fair value of other borrowings (other than above) have been taken at carrying value.

**Financial instruments-fair value and risk management (continued)**

**Valuation Framework**

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

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

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

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

**Financial instruments valued at carrying value**

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

**Short-term financial assets and liabilities**

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

**Loans**

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

**Borrowing and Debt Securities**

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

The Fair value of fixed rate bank borrowings and ECB have been calculated through discounted cash flow methodology, discount rate being the exit price available in the market. Where the exit price is not available, the book value has been considered to be fair value.

#### 43 Financial Risk Management

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (currency risk, interest rate risk)
- Operational risk

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

##### Risk management framework:

The Company's Board of Directors has 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's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Board of Directors has also constituted the Asset Liability Management Committee (ALCO) to monitor and control the liquidity risk and market risks.

The Company has a board approved Hedging policy (Derivative) which guides the company on quantum of hedge and the hedging instruments that could be used and its reporting mechanism. The committee reports regularly to the board of directors on its activities.

Risk	Exposure arising from	Measurement	Measurement, monitoring and management of risk
Credit Risk	Credit Risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises majorly from loans and advances to customers.	Credit Risk is measured mainly through days past due analysis and expected credit loss model.	Credit Risk is: 1. measured as the amount that could be lost if a customer or counterparty fails to make repayments; 2. monitored using various internal risk management measures and within limits approved by credit manager within a framework of delegated authorities; The same is controlled within the overall ambit of Risk Appetite Framework of the company. and 3. managed through a robust policy 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 (STD) to monitor adequacy of liquidity to fund normal operations, 3. Other KRIs such as stock ratios 4. Liquidity coverage ratio.	The Company has constituted Asset Liability Management Committee (ALCO) to monitor the risks arising out of ALM. Liquidity risk being critical for NBFCs, management takes due care to manage it appropriately and conducts ALCO meeting at regular intervals. To limit this risk: 1. The Board has set up limits for various maturity buckets of Structural Liquidity. 2. The Company has treasury management guidelines which defines Key Treasury Risk and prescribes appropriate levels of KRIs to monitor and control. 3. Management ensures the borrowing profile of the company has diversified borrowings instrument wise, source wise, maturity wise. 4. The Company continuously monitors liquidity in the market; and as a part of its ALM strategy maintains a liquidity buffer to reduce this risk and sufficient available Bank Lines as backup. 5. The Company also has a contingency funding

Risk	Exposure arising from	Measurement	Measurement, monitoring and management of risk
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 loans under extant RBI regulations of External Commercial Borrowings and has hedged currency exposure including the interest payable in future through SWAPs. Hence the Company does not have any unhedged foreign currency exposure on any borrowings.  Apart from above the Company has foreign currency exposure towards its trade payables which are of relatively small value and hence the Company has not deployed any measures to quantify the losses arising out of fluctuation in foreign currency.
Market Risk - Interest Rate Risk	Exposure to interest rate risk is principally as a result of lending to customers at interest rates and in amounts and for periods, which, may differ from its borrowing in other words, the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It covers Earnings Risk and Economic Value Risk. This may result in losses for the Company due to repricing.	Measurement of Earnings at Risk under traditional gap analysis - Interest rate sensitivity analysis (IRS) - analysis of the gap between assets and liability and classification of all assets and liabilities into various time period categories, according to contracted maturities or anticipated re-pricing dates. The difference in the assets and liabilities maturing or being repriced in any specific time period category is then used as an indication of the exposure of our Company to interest rate risk.	The Company seeks to match its interest rate positions to minimize interest rate risk. To reduce the risk of loss due to interest rate exposure the management undertakes the following: 1. Set and monitor the threshold levels of KRI. 2. Monitor Interest rate sensitivity as prescribed by RBI. 3. Analyze earnings at risk caused by a shift in the yield curve (100 bps parallel shift). 4. Cross Currency Interest rate SWAPs to hedge the risk of floating rate ECBs.
Operational Risk	Operational risk is the risk of loss arising from inadequate ,or failed internal process & control, or improper systems, or from human error, technical error, fraud or from external events.	The operational risks of the Company are monitored and managed on on-going basis through comprehensive internal control systems and procedures. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes periodic self assessment of effectiveness of risk control framework and internal financial controls adherence thereby reducing enterprise exposure.	The Risk Management Committee (RMC) is responsible for monitoring, measuring and managing the operational risk on continuous basis. The Company has put in place a robust Disaster Recovery (DR) plan which is tested on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness, when confronted with adverse events such as natural disasters, technological failures, terrorism, etc

**Financial Risk Management (continued)**

**A. Credit risk**

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

**i) Credit risk management approach**

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

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

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

**ii) Credit Quality of Financial Loans**

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

Particulars	Term loans *		Inventory Financing		Finance Lease	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Gross carrying value of loan assets</b>						
Neither Past due nor impaired	75,922.18	55,433.64	2,984.30	1,529.88	180.78	-
Past Due but not impaired						
30 days past due	4,648.11	4,544.41	586.91	169.27	0.09	-
31-90 days past due	1,534.44	3,839.62	-	1,521.96	-	-
Impaired (more than 90 days)	2,778.48	2,972.55	870.03	767.82	-	-
	<b>84,883.21</b>	<b>66,790.22</b>	<b>4,441.24</b>	<b>3,988.93</b>	<b>180.87</b>	<b>-</b>

\* Term loan includes retail loans.

**iii) Expected credit loss**

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

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

**Definition of Default**

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

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

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

**Probability of default (PD)**

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

**Exposure at Default (EAD)**

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

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

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

**Loss Given Default (LGD)**

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



Financial Risk Management (continued)

Significant increase in credit risk (SICR)

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

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

(a) Stage 1: 12-months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

(b) Stage 2: Lifetime ECL, not credit-impaired : For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

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

(Amounts are in Rs. Million)					
Particulars	Asset group	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
<b>31 March 2023</b>					
Stage 1 : Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	83,056.90	0.83%	693.49	82,363.41
Stage 2 : Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	2,799.91	9.50%	265.88	2,534.03
Stage 3 : Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	3,648.51	55.62%	2,029.41	1,619.10
<b>31 March 2022</b>					
Stage 1 : Loss allowance measured at 12 month expected credit losses	Loans at Amortized cost	61,677.19	0.79%	490.25	61,186.95
Stage 2 : Loss allowance measured at life-time expected credit losses, not credit impaired	Loans at Amortized cost	5,361.59	11.02%	590.75	4,770.84
Stage 3 : Loss allowance measured at life-time expected credit losses, credit impaired	Loans at Amortized cost	3,740.37	57.36%	2,145.36	1,595.01

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

Concentration of Credit Risk

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

Particulars	31 March 2023	31 March 2022
Carrying value of loans	86,516.54	67,552.79
Auto loans and auto related loan	86,516.54	67,552.79
	<b>86,516.54</b>	<b>67,552.79</b>

**Financial Risk Management (continued)**

Expected credit loss on Trade receivables and other financial assets

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

Cash and cash equivalents and Bank balance

The Company holds cash and cash equivalents and bank balance of INR 2,111.24 million at 31 March 2023 (previous year: INR 2575.28 million). The cash and cash equivalents are held with bank and financial institution counterparties with acceptable credit ratings.

Investments

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

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

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

**(Amounts are in Rs. Million)**

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL-credit impaired	Total
<b>Balance as at 1 April 2021</b>	<b>62,599.17</b>	<b>5,617.97</b>	<b>3,202.64</b>	<b>71,419.78</b>
Net remeasurement of loss allowance	(15,672.04)	(1,741.32)	(225.83)	(17,639.19)
Transfer to 12 Month ECL from lifetime	792.83	(690.94)	(101.89)	-
Transfer to lifetime ECL-not credit-impaired	(3,168.72)	3,319.25	(150.53)	-
Transfer to lifetime ECL-credit impaired	(1,477.38)	(851.90)	2,329.28	-
Financial assets derecognised	(8,314.95)	(763.53)	(1,441.92)	(10,520.40)
New financial assets acquired	26,918.28	472.06	128.62	27,518.96
<b>Balance as at 31 March 2022</b>	<b>61,677.19</b>	<b>5,361.59</b>	<b>3,740.37</b>	<b>70,779.15</b>
Net remeasurement of loss allowance	(14,161.85)	(1,569.87)	(527.12)	(16,258.84)
Transfer to 12 Month ECL from lifetime	1,092.11	(808.09)	(308.40)	(24.38)
Transfer to lifetime ECL-not credit-impaired	(766.36)	847.12	(30.99)	49.78
Transfer to lifetime ECL-credit impaired	(664.53)	(1,141.60)	1,907.68	101.54
Financial assets derecognised	(8,290.27)	(484.00)	(1,313.54)	(10,087.81)
New financial assets acquired	44,170.61	594.76	180.51	44,945.88
<b>Balance as at 31 March 2023</b>	<b>83,056.90</b>	<b>2,799.91</b>	<b>3,648.51</b>	<b>89,505.32</b>

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

Particulars	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL-credit impaired	Total
<b>Balance as at 1 April 2021</b>	<b>468.11</b>	<b>878.60</b>	<b>1,863.26</b>	<b>3,209.97</b>
Net remeasurement of loss allowance	862.83	(165.30)	(135.03)	562.50
Transfer to 12 Month ECL from lifetime	27.38	(24.73)	(2.65)	-
Transfer to lifetime ECL-not credit-impaired	(354.78)	401.04	(46.26)	-
Transfer to lifetime ECL-credit impaired	(628.52)	(407.48)	1,036.00	-
Financial assets derecognised	(69.53)	(167.11)	(621.91)	(858.55)
New financial assets acquired	184.76	75.73	51.95	312.44
<b>Balance as at 31 March 2022</b>	<b>490.25</b>	<b>590.75</b>	<b>2,145.36</b>	<b>3,226.36</b>
Net remeasurement of loss allowance	223.60	(129.19)	(277.33)	(182.91)
Transfer to 12 Month ECL from lifetime	38.21	(47.35)	(8.62)	(17.77)
Transfer to lifetime ECL-not credit-impaired	(87.74)	103.51	(3.93)	11.85
Transfer to lifetime ECL-credit impaired	(258.49)	(268.06)	690.15	163.60
Financial assets derecognised	(67.44)	(68.37)	(584.36)	(720.17)
New financial assets acquired	355.09	84.59	68.14	507.82
<b>Balance as at 31 March 2023</b>	<b>693.49</b>	<b>265.88</b>	<b>2,029.41</b>	<b>2,988.78</b>

### 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.

Financial assets	Maximum exposure to credit risk	Fair value of the collateral			(Amounts are in Rs. Million)	
		Vehicles*	Land and buildings	Bank Guarantee & lien marked Fixed Deposits	Net Exposure	Associated expected credit losses
<b>31 March 2023</b>						
Cash and cash equivalents	2,111.24				2,111.24	
Trade Receivables	36.73				36.73	
Loans	89,505.32	85,883.05	6,693.02	221.50	(3,292.25)	(2,988.78)
Investments	2,547.48				2,547.48	
Other financial assets	53.68				53.68	
	<b>94,254.45</b>	<b>85,883.05</b>	<b>6,693.02</b>	<b>221.50</b>	<b>1,456.88</b>	<b>(2,988.78)</b>
<b>31 March 2022</b>						
Cash and cash equivalents	2,575.28	-	-	-	2,575.28	-
Trade Receivables	22.56	-	-	-	22.56	-
Loans	70,779.15	66,234.70	6,968.76	50.00	(2,474.31)	(3,226.36)
Investments	2,419.40	-	-	-	2,419.40	-
Other financial assets	39.32	-	-	-	39.32	-
	<b>75,835.71</b>	<b>66,234.70</b>	<b>6,968.76</b>	<b>50.00</b>	<b>2,582.25</b>	<b>(3,226.36)</b>

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

### 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		Gross Value of Secured Finance Lease	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Upto 50%	2,906.18	2,341.70	288.30	1305.42	-	-
51 - 70%	11,705.40	9,470.38	1,836.45	701.93	-	-
71 - 100%	67,302.09	49,877.37	1,569.17	2660.75	180.87	-
Above 100%	1,318.96	2,946.17	2,397.90	1475.43	-	-
	<b>83,232.63</b>	<b>64,635.62</b>	<b>6,091.82</b>	<b>6143.53</b>	<b>180.87</b>	<b>-</b>

Gross Value of Secured Inventory Financing loans include term loan.

### Gross value of credit impaired loans to value of collateral:

Loan To Value	Gross Value of Retail loans in stage 3		Gross Value of Inventory Financing loans in stage 3		Gross Value of Finance Lease loans in stage 3	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Upto 50%	12.10	22.13	-	-	-	-
51 - 70%	129.58	195.38	812.90	-	-	-
71 - 100%	1,714.75	2223.99	542.15	542.15	-	-
Above 100%	186.62	531.05	250.41	225.66	-	-
	<b>2,043.05</b>	<b>2972.55</b>	<b>1,605.46</b>	<b>767.82</b>	<b>-</b>	<b>-</b>

Gross Value of Secured Inventory Financing loans include term loan.

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

Type of collateral	Fair value of the collateral			
	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
<b>31 March 2023</b>				
Loans		3648.51	2,043.05	2069.69
<b>Total credit-impaired financial assets</b>		<b>3648.51</b>	<b>2,043.05</b>	<b>2069.69</b>
<b>31 March 2022</b>				
Loans		3,740.37	2,972.55	831.15
<b>Total credit-impaired financial assets</b>		<b>3,740.37</b>	<b>2,972.55</b>	<b>831.15</b>

### 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 2023	31 March 2022
Contractual outstanding	770.99	1,022.58
Amount written off during the year	770.99	1,022.58

Financial Risk Management (continued)

**B. Liquidity risk**

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

**i Liquidity risk management**

Liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The Maturity Profile, is used for measuring the future cash flows of the Company in different time buckets. The time buckets distributed considered are as per RBI guidelines and monitored by Asset Liability management Committee (ALCO).

- The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow.

- The Company strives to manage the negative gap (i.e. where outflows exceed inflows) in the particular time-bucket and cumulative gap up to selected maturity period should not exceed the prudential limits approved by the Board. The prudential limits for individual time buckets are based on a percentage of outflows of each time-bucket and the limit for the cumulative gaps are based on the percentage of cumulative gap to cumulative cash outflows up to the period.

- In order to enable the Company to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, short-term liquidity profiles is estimated on the basis of business projections and other commitments for planning purposes which is effectively used as a predictive tool for its future ALM requirements.

- The Company has a board approved policy for Liquidity Risk Management Framework as per RBI Circular dated 4 November 2019 as a part of ALM policy which captures the risk index. The ALCO monitors these index and suggests changes if any. As per the circular, the Company has also started managing Liquidity Coverage Ratio from 1 December 2020.

**ii Maturity of financial liabilities**

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

As at 31 March 2023 (Amounts are in Rs. Million)

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/ Inflow	Up to one month	Over one month to 2 months	Expected cash flows					
						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
<b>Financial liabilities</b>											
Derivative financial instruments	4	62.42	62.42	-	-	-	-	-	62.42	-	-
Trade Payables	15	951.38	951.38	627.72	145.79	-	177.86	-	-	-	-
Debt securities	16	25,615.83	28,046.61	1,000.00	-	3,138.84	113.25	10,398.60	11,864.69	1,531.23	-
Borrowings (other than debt securities)	17	46,822.18	51,611.60	2,611.74	2,240.15	337.10	6,877.59	4,249.22	35,295.80	-	-
Lease Liability	18	60.53	64.71	3.83	5.82	5.77	5.90	11.24	32.14	-	-
Other financial liabilities	19	4.32	4.32	0.92	-	-	-	-	3.40	-	-

As at 31 March 2022

Particulars	Note No	Carrying Amount	Gross Nominal Outflow/ Inflow	Up to one month	Over one month to 2 months	Expected cash flows					
						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
<b>Financial liabilities</b>											
Derivative financial instruments	4	35.20	35.20	-	-	-	-	-	35.20	-	-
Trade Payables	15	1,266.66	1,266.66	882.95	182.12	-	201.59	-	-	-	-
Debt securities	16	25,223.83	27,122.49	500.00	2,366.51	113.60	6,088.48	2,306.07	15,747.83	-	-
Borrowings (other than securities)	17	33,416.78	35,223.11	1,892.68	88.88	2,670.05	3,047.95	11,942.26	15,581.29	-	-
Lease Liability	18	59.78	60.64	3.99	3.99	3.99	12.46	24.92	11.29	-	-
Other financial liabilities	19	3.42	3.42	0.37	-	-	-	-	3.05	-	-

Maturity pattern of liabilities has been compiled by the management on expected cashflows.

Financial Risk Management (continued)

Liquidity risk (continued)

iii Liquidity Risk Management Framework

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

a. Funding Concentration based on significant counterparty				31 March 2023
Sr no	Number of significant counterparties *	Amount (INR Million)	% of Total deposits	% of Total Liabilities
1	3	33,772	N.A.	46%
				31 March 2022
Sr no	Number of significant counterparties *	Amount (INR Million)	% of Total deposits	% of Total Liabilities
1	4	30,281	N.A.	50%

\* The Company consider an exposure from a single counterparty or group of connected or affiliated counterparties of 10% and above to be significant counterparties.

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

c. Top 10 borrowings amounts to INR 25,137 millions and 35% of total borrowings.  
(Previous year: Top 10 borrowings amounts to INR 27,354 millions and 47% of total borrowings.)

d. Funding Concentration based on significant instrument/product				31 March 2023
Sr no	Name of the instrument/product *	Amount (INR Million)	% of Total Liabilities	
1	External commercial borrowings**	15,760	21%	
2	Bank borrowings	31,062	42%	
3	Non Convertible debentures	23,143	31%	
				31 March 2022
Sr no	Name of the instrument/product *	Amount (INR Million)	% of Total Liabilities	
1	External commercial	25,012	42%	
2	Bank borrowings	12,051	20%	
3	Non Convertible	20,088	33%	

\* The Company consider an exposure from an instrument of 10% and above to be significant.

\*\*External commercial borrowings includes INR denominated ECB Bond.

e. Stock Ratios				
Sr no	Particulars	Total Public Funds	Total Liabilities	Total Assets
1	Commercial papers as a % of	3%	3%	3%
2	Non-convertible debentures (original maturity of less than one year) as a % of	NIL	NIL	NIL
3	Other Short-term liabilities (excluding 1 & 2 above and including current maturities of long term debt and other	36%	36%	28%
4	Other short-term liabilities (other than debt liabilities), if	2%	2%	1%

For the computation of all the above disclosures the following has been considered:

- Total liabilities means total assets less equity capital and other equity.
- Total asset means total of asset side of the balance sheet.
- Borrowings have been considered at their carrying value.

f. Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility of managing risk related to Asset Liability mismatches, including liquidity risk and market risk. The Board has constituted Asset Liability Management Committee ('ALCO') to identify & monitor the liquidity, market and foreign exchange risks from time to time. The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet, in accordance with the liquidity risk thresholds/ limits decided by the Board. The ALCO is comprised of MD & CEO (chairperson) and other senior management to enable effective ALM risk management strategy of the Company.

The Company has a Board approved Asset Liability Management policy 'ALM policy', defining the liquidity risk management framework in line with RBI's "guidelines on liquidity risk framework for NBFCs" which ensures that the Company maintains sufficient liquidity in line with the risk appetite framework, including a cushion of unencumbered, High Quality Liquid Assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board approves the prudential limits defined in the ALM policy. The Company is maintaining LCR in line with regulatory requirements from December 2020.

Financial Risk Management (continued)

C. Market risk

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

i. Foreign currency risk

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

a. Currency risk management

The Company does not have any material unhedged foreign currency transactions that would significantly impact the profitability of the Company. Any significant foreign exchange exposure on account of foreign exchange borrowings is hedged to safeguard against exchange rate risk.

b. Exposure to currency risk

The profile of currency exposure on financial assets and financial liabilities as at 31 March 2023 and 31 March 2022 are as below:

Particulars	(Amounts are in INR Million, except foreign currency)					
			31 March 2023			
	USD	JPY	SGD	USD in INR	JPY in INR	SGD in INR
<b>Derivative financial instruments</b>						
Foreign exchange derivative contracts	7,04,60,158.17	8,75,06,29,095.89	-	5,790.59	5,413.05	-
<b>Exposure to foreign currency risk (assets) - (a)</b>	<b>7,04,60,158.17</b>	<b>8,75,06,29,095.89</b>	<b>-</b>	<b>5,790.59</b>	<b>5,413.05</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables	24,674.59	31,89,010.00	52,043.52	2.02	1.95	3.20
Foreign currency loan	7,00,00,000.00	8,75,00,00,000.00	-	5,752.78	5,412.66	-
Interest accrued on foreign currency loan	4,60,158.17	6,29,095.89	-	37.82	0.39	-
<b>Exposure to foreign currency risk (liabilities) (b)</b>	<b>7,04,84,832.76</b>	<b>8,75,38,18,105.89</b>	<b>52,043.52</b>	<b>5,792.62</b>	<b>5,415.00</b>	<b>3.20</b>
<b>Net exposure to foreign currency risk (c) = (b) -(a)</b>	<b>24,674.59</b>	<b>31,89,010.00</b>	<b>52,043.52</b>	<b>2.03</b>	<b>1.95</b>	<b>3.20</b>

Particulars	31 March 2022					
	USD	JPY	SGD	USD in INR	JPY in INR	SGD in INR
<b>Derivative financial instruments</b>						
Foreign exchange derivative contracts	22,23,97,942.30	-	-	16,854.71	-	-
<b>Exposure to foreign currency risk (assets) - (a)</b>	<b>22,23,97,942.30</b>	<b>-</b>	<b>-</b>	<b>16,854.71</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables	59,327.24	29,91,432.00	45,584.32	4.79	1.83	2.42
Foreign currency loan	22,00,00,000.00	-	-	16,672.98	-	-
Interest accrued on foreign currency loan	23,97,942.30	-	-	181.73	-	-
<b>Exposure to foreign currency risk (liabilities) (b)</b>	<b>22,24,57,269.54</b>	<b>29,91,432.00</b>	<b>45,584.32</b>	<b>16,859.50</b>	<b>1.83</b>	<b>2.42</b>
<b>Net exposure to foreign currency risk (c) = (b) -(a)</b>	<b>59,327.24</b>	<b>29,91,432.00</b>	<b>45,584.32</b>	<b>4.79</b>	<b>1.83</b>	<b>2.42</b>

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

Sensitivity analysis

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

Particulars	Impact on profit after tax		Impact on other components of equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>Effect in INR</b>				
<b>31 March 2023</b>				
<b>1% movement</b>				
USD	(0.02)	0.02	(0.02)	0.02
JPY	(0.01)	0.01	(0.01)	0.01
SGD	(0.02)	0.02	(0.02)	0.02
	<b>(0.05)</b>	<b>0.05</b>	<b>(0.05)</b>	<b>0.05</b>
<b>31 March 2022</b>				
<b>1% movement</b>				
USD	(0.04)	0.04	(0.04)	0.04
JPY	(0.01)	0.01	(0.01)	0.01
SGD	(0.02)	0.02	(0.02)	0.02
	<b>(0.07)</b>	<b>0.07</b>	<b>(0.07)</b>	<b>0.07</b>

Financial Risk Management (continued)

Market Risk (Continued)

ii. Interest Rate Risk

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

i. Interest rate risk management

The Company measures its interest rate exposure through the following:

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

ii. Exposure to interest rate risk

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

(Amounts are in Rs. Million)		
Particulars	31 March 2023	31 March 2022
<b>Fixed-rate instruments (net of interest accrued, but not due)</b>		
Financial assets	86,885	67,918
Financial liabilities*	(56,723)	(52,311)
<b>Net exposure</b>	<b>30,162</b>	<b>15,607</b>
<b>Variable-rate instruments (net of interest accrued, but not due)</b>		
Financial assets	3,664	4,106
Financial liabilities	(15,165)	(5,650)
<b>Net exposure</b>	<b>(11,501)</b>	<b>(1,544)</b>

Financial assets consists of Loans, Investments and Fixed Deposit.

Financial liabilities consists of Debts securities, Borrowings (other than debt securities).

The Company has borrowed through External Commercial Borrowings and has hedged including the interest through SWAPs. Hence the Company does not have any open foreign exchange interest rate exposure on any ECB borrowings.

\*Foreign currency External Commercial Borrowings, which were borrowed at Floating Rate at inception, are hedged into Fixed rate Borrowings. The same has been considered as Fixed rate instrument.

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

Particulars	Impact on profit after tax	
	31 March 2023	31 March 2022
Variable rate instruments (net)		
100 bps increase	(86)	(12)
100 bps decrease	86	12
Particulars	Impact on other components of equity	
	31 March 2023	31 March 2022
Variable rate instruments (net)		
100 bps increase	(86)	(12)
100 bps decrease	86	12

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.

- 44 Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

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

(a) Capital

S.No.	Particulars	31 March 2023	31 March 2022
i)	CRAR (%)	22.07	20.07
ii)	CRAR - Tier I Capital (%)	21.29	19.36
iii)	CRAR - Tier II Capital (%)	0.78	0.71
iv)	Amount of Subordinated debt raised as Tier-II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Investments

(Amounts are in Rs. Million)

S.No.	Particulars	31 March 2023	31 March 2022
1	Value of investments		
(i)	Gross value of investments		
(a)	In India	2,547.48	2,419.40
(b)	Outside India	-	-
(ii)	Provisions for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	2,547.48	2,419.40
(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 2023	31 March 2022
(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 2023	31 March 2022
(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"	-	-



Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

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

(iii) Disclosures on risk exposure in derivatives

(A) Qualitative disclosures

The Company has a derivative policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

- Treasury function is authorised to select appropriate derivative instrument;
- The Company shall fully hedge the risk on account of foreign currency fluctuation;
- The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;
- The Company has put in place accounting policy covering recording hedge transactions, premiums and discounts, valuation of outstanding contracts and provisioning (Also refer Note 2 – Significant Accounting Policies).

(B) Quantitative disclosures

(Amounts are in Rs. Million)

S.No.	Particular	31 March 2023		31 March 2022	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	For hedging	11,203.64	-	16,854.71	-
(ii)	Marked to Market Positions [1]*				
	a) Asset (+)	579.96	23.72	858.78	5.29
	b) Liability (-)	-	212.74	-	239.41
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

\* The Company has taken Cross Currency Interest Rate swap/Cross currency swap. The MTM has been split between currency and interest portion.

- (d) Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India and Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions vide reference no RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021, as updated from time to time.

(i) Disclosures relating to Securitisation

S.No.	Particulars	31 March 2023	31 March 2022
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 2023	31 March 2022
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of	-	-
(v)	Aggregate gain / loss over net book value	-	-

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

S.No.	Particulars	31 March 2023	31 March 2022
(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 2023	31 March 2022
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 2023	31 March 2022
1 .	No. of accounts sold	-	-
2 .	Aggregate outstanding	-	-
3 .	Aggregate consideration received	-	-

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

(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 Rs. Million)

S.No. Category	31 March 2023	31 March 2022
<u>Direct Exposure</u>		
(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	-	-
<u>Indirect Exposure</u>		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
<b>Total Exposure to real estate sector</b>	<b>-</b>	<b>-</b>

**(ii) Exposure to capital market**

Particulars	31 March 2023	31 March 2022
(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)	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	-	-
<b>Total exposure to capital market</b>	<b>-</b>	<b>-</b>

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

The Company is primarily engaged in auto financing / leasing of fellow subsidiary products. Loans and Advances includes vehicle finance, which comprise primarily of either loans to customers for purchasing Toyota cars and accessories or loans to dealers engaged in dealing in Toyota cars and accessories.

**(iv) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC**

The Company has not exceeded the prudential exposure limits of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year.

**(v) Unsecured advances**

The total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is Nil (Previous year: Nil).

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

(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. The same has been renewed for the period 18 Feb 2022 to 17 Feb 2025.

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

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

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

S. No.	Instrument	31 March 2023		31 March 2022	
		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.

**(vi) Remuneration to Non-Executive Director**

Refer note 39 of the financial statements.

**(vi) Related Party transaction**

Details of all material transactions with related parties has been given in note 39 of the financial statements.

**(g) Additional disclosures**

**(i) Provisions and contingencies**

(Amounts are in Rs. Million)

Break up of 'Provisions and Contingencies' shown in the statement of profit and loss	31 March 2023	31 March 2022
<b>Under 'Impairment on financial instruments'</b>		
Provision towards NPA	(105.09)	260.39
Contingent provision for standard assets, including future potential losses	(241.10)	(265.94)
<b>Under 'Tax expenses'</b>		
Provision made towards Income tax (including deferred tax)	410.36	290.50
<b>Under 'Employee benefit expenses'</b>		
Provision for gratuity and compensated absences	12.76	23.47

**(ii) Draw Down from Reserves**

The Company has not made any draw down from reserves.

**(iii) Concentration of deposits, advances, exposures and NPAs**

**(A) Concentration of deposit**

The Company is a non deposit taking NBFC and has not obtained any deposit from depositors.

**(B) Concentration of advances**

Particulars	31 March 2023	31 March 2022
Total Advances to twenty largest borrowers	6,427.18	6,190.15
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	7.18%	8.75%

**(C) Concentration of exposures**

Particulars	31 March 2023	31 March 2022
Total exposure to twenty largest borrowers /customers	10,422.42	9,829.97
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	11.64%	12.68%

**(D) Concentration of NPAs**

Particulars	31 March 2023	31 March 2022
Total exposure to top four NPA accounts	1,552.73	827.23

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

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

**(g) Additional disclosures (continued)**

**(E) Sector-wise NPAs**

		Percentage of NPAs to Total Advances in that sector	
S. No.	Sector	31 March 2023	31 March 2022
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans*	4.14%	5.38%
7	Other personal loans	-	-

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

**(F) Movement of NPAs**

		(Amounts are in Rs. Million)	
S.No.	Sector	31 March 2023	31 March 2022
(i)	Net NPAs to net advances (%)	1.90	2.41
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	3,804.73	3,202.79
	(b) Additions during the year#	2,118.46	2,465.08
	(c) Reductions during the year *	2,217.08	1,863.14
	(d) Closing balance	<b>3,706.11</b>	<b>3,804.73</b>
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,651.69	1,339.52
	(b) Additions during the year	1,292.60	1,345.83
	(c) Reductions during the year	1,286.14	1,033.66
	(d) Closing balance	<b>1,658.15</b>	<b>1,651.69</b>
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	2,153.04	1,863.27
	(b) Provisions made during the year	825.86	1,119.25
	(c) Write-off / write-back of excess provisions *	930.95	829.48
	(d) Closing balance	<b>2,047.95</b>	<b>2,153.04</b>

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

\* Balancing figure.

**(iv) 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).

**(v) 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.

**(vi) Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012**

		(Amounts are in Rs. Million)	
Particulars	31 March 2023	31 March 2022	
<b>a. Persons involved</b>			
Customers	7.90	17.94	
Employee	-	0.23	
Collection Agency	-	-	
Dealer	-	-	
<b>Total</b>	<b>7.90</b>	<b>18.17</b>	
<b>b. Type of Fraud</b>			
Misappropriation and criminal breach of trust	-	-	
Fraudulent encashment/ manipulation of books of account	-	-	
Cheating and forgery	7.90	18.17	

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company as per Non-Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure I.

Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

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

(h) Disclosure on restructured advances

31 March 2023		(Amounts are in Rs. Million)					
S. No.	Type of restructuring → Asset classification → Details ↓		Standard	Sub Standard	Others* Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the year (opening figures) *	No. of borrowers	-	5.00	-	-	5.00
Amount outstanding		-	153.52	-	-	153.52	
Provision thereon		-	53.55	-	-	53.55	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
Amount outstanding		-	-	-	-	-	
Provision thereon		-	-	-	-	-	
3	Recovery during the year	No. of borrowers	-	-	-	-	-
Amount outstanding		-	(74.47)	-	-	(74.47)	
Provision thereon		-	(32.78)	-	-	(32.78)	
4	Upgradations to restructured standard category during the year	No. of borrowers	-	(3.00)	-	-	(3.00)
Amount outstanding		-	(21.45)	-	-	(21.45)	
Provision thereon		-	(2.23)	-	-	(2.23)	
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-
Amount outstanding		-	-	-	-	-	
Provision thereon		-	-	-	-	-	
6	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
Amount outstanding		-	-	-	-	-	
Provision thereon		-	-	-	-	-	
7	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-
Amount outstanding		-	-	-	-	-	
Provision thereon		-	-	-	-	-	
8	Restructured accounts as on March 31 of the year (closing figures)	No. of borrowers	-	2	-	-	2.00
Amount outstanding		-	57.60	-	-	57.60	
Provision thereon		-	18.54	-	-	18.54	
*excluded restructured accounts as per RBI circular pertaining to Resolution Framework for COVID-19-related Stress.							

\*excluded restructured accounts as per RBI circular pertaining to Resolution Framework for COVID-19-related Stress.

31 March 2022							
S. No.	Type of restructuring → Asset classification → Details ↓		Standard	Sub Standard	Others* Doubtful	Loss	Total
1	Restructured accounts as on April 1 of the year (opening figures)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	5.00	-	-	5.00
		Amount outstanding	-	163.04	-	-	163.04
		Provision thereon	-	61.84	-	-	61.84
3	Recovery during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	(9.52)	-	-	(9.52)
		Provision thereon	-	(8.29)	-	-	(8.29)
4	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured accounts as on March 31 of the year (closing figures)	No. of borrowers	-	5	-	-	5
		Amount outstanding	-	153.52	-	-	153.52
		Provision thereon	-	53.55	-	-	53.55

\*excluded restructured accounts as per RBI circular pertaining to Resolution Framework for COVID-19-related Stress.

Toyota Financial Services India Limited  
Notes to the financial statements for the year ended 31 March 2023

Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

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

(i) Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at 31 March 2023 and 31 March 2022.

31 March 2023											(Amounts are in Rs. Million)
Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings	522.42	-	3,383.07	1,566.44	3,111.60	5,447.46	11,079.33	34,593.12	1,498.30	-	61,201.74
Foreign currency borrowings	-	-	34.11	31.54	5.17	821.83	1,643.65	8,699.94	-	-	11,236.25
<b>Assets *</b>											
Advances (net of provision)	1,539.04	1,381.05	2,758.28	3,287.13	2,866.46	7,600.89	13,664.96	35,677.00	15,616.32	2,125.40	86,516.54
Cash and cash equivalents	410.53	700.13	1,000.58	-	-	-	-	-	-	-	2,111.24
<b>Investments</b>	349.69	-	517.04	1,039.64	247.16	393.94	-	-	-	-	2,547.47
Foreign currency assets #	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities #	-	-	7.18	-	-	-	-	-	-	-	7.18
<b>31 March 2022</b>											
Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings	-	-	2,299.79	2,340.06	12.62	5,949.51	6,101.34	25,095.46	-	-	41,798.78
Foreign currency borrowings	-	-	36.68	17.68	2,674.03	2,745.50	7,578.63	3,789.31	-	-	16,841.83
<b>Assets *</b>											
Advances (net of provision)	1,040.29	981.58	2,365.44	2,784.08	2,415.45	6,331.64	11,073.24	27,976.60	11,668.77	915.70	67,552.79
Cash and cash equivalents	1,605.14	970.14	-	-	-	-	-	-	-	-	2,575.28
<b>Investments</b>	-	614.55	-	705.07	-	737.08	362.70	-	-	-	2,419.40
Foreign currency assets #	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities #	-	-	9.04	-	-	-	-	-	-	-	9.04

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

# The Company does not have any foreign currency assets and liabilities in relation to its principal operations except ECBs.

Cashflows denote expected cashflow of financial liabilities and assets. The amounts includes accrued interest payments & interest income.

Disclosures as required by RBI Circular No: RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022  
(Amounts included herein are based on current and previous year financials as per Ind AS)

**44a Additional disclosures**

**(i) Sectoral Exposure** (Amounts are in Rs. Million)

S.No. Sectors	31 March 2023			31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal Loans	-	-	-	-	-	-
Includes financing to Dealers / Other corporate customers on cars and accessories.	89505.32	3706.11	4.14%	70,779.15	3,804.73	5.38%
5. Others, if any (please specify)						

**(ii) Intra-group exposures**

Particulars	31 March 2023	31 March 2022
(i) Total amount of intra-group exposures	-	-
(ii) Total amount of top 20 intra-group exposures	-	-
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

**(iii) Unhedged foreign currency exposure**

Particulars	31 March 2023	31 March 2022
Unhedged foreign currency exposures*	7.18	9.04

\*refer Note 2 – Significant Accounting Policies and Note 43-Financial Risk Management

**(iv) Corporate governance**

Disclosure is placed under the Corporate Governance section of the Annual Report.

**(v) Breach of Covenant**

There are no instances of breach of covenant of loan availed or debt securities issued.

**(vi) Divergence in Asset Classification and Provisioning**

No additional provisioning requirements have been assessed by RBI. Also, no additional Gross NPAs were identified by RBI in respect to any years. Hence, in regard to asset classification and provisioning, there exists no divergence.



Toyota Financial Services India Limited  
Notes to the financial statements for the year ended 31 March 2023

Disclosures as required by RBI Circular No: RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022  
(Amounts included herein are based on current and previous year financials as per Ind AS)

Additional disclosures (continued)

vii. RELATED PARTY DISCLOSURE

(Amounts are in Rs. Million)

Related Party	Parent		Subsidiaries		Associates/ Joint ventures		Key Management Personnel@		Relatives of Key Management Personnel@		Others*		Total	
Items	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Borrowings#	-	-	-	-	5412.66	-	-	-	-	-	-	-	5412.66	-
Borrowings (maximum during the year)					5412.66									
Deposits#	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Placement of deposits#	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Advances#	-	-	-	-	-	-	0.77	-	-	-	-	-	0.77	-
Advances (maximum during the year)							1.00	-						
Investments#	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Purchase of fixed/other assets	-	-	-	-	72.72	40.50	-	-	-	-	-	-	72.72	40.50
Sale of fixed/other assets	-	-	-	-	11.00	4.11	-	-	-	-	-	-	11.00	4.11
Interest paid	-	-	-	-	1.80	-	-	-	-	-	-	-	1.80	-
Interest received	-	-	-	-	0.08	-	0.05	-	-	-	-	-	0.13	-
Other Incomes					48.29	76.05								
Others Expense	1.79	2.33	-	-	40.35	37.46	-	-	-	-	-	-	42.14	39.79

# The outstanding at the year end . Also the maximum during the year are disclosed separately

@ Disclosures for directors and relatives of directors made separately in separate columns from other KMPs and relatives of other KMPs.

\* Transactions exceeding 5 per cent of total related party transactions. Related parties would include trusts and other bodies in which the NBFC can directly or indirectly (through its related parties) exert control or significant influence.

Disclosures as required by RBI Circular No: RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022  
(Amounts included herein are based on current and previous year financials as per Ind AS)

Additional disclosures (continued)

viii Disclosure of complaints	31 March 2023	31 March 2022
<b>Complaints received by the NBFC from its customers</b>		
1 Number of complaints pending at beginning of the year	7	15
2 Number of complaints received during the year	1220	701
3 Number of complaints disposed during the year	1205	709
3.1 Of which, number of complaints rejected by the NBFC	116	94
4 Number of complaints pending at the end of the year	22	7
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5 Number of maintainable complaints received by the NBFC from Office of Ombudsman		
5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	44	30
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

ix. Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
<b>Current Year</b>					
Ground - 1 -No Objection Certificate	-	155	125%	-	-
Ground - 2 -Collection	-	138	-3%	2	-
Ground - 3 -Refund	-	101	102%	1	-
Ground - 4 -ACH Mandate	-	98	292%	-	-
Ground - 5 -EMI Moratorium/ Restructure	1	74	-16.00%	2	-
<b>Previous Year</b>					
Ground - 1 -No Objection Certificate	-	69	-1.43%	-	-
Ground - 2 -Collection	-	143	25.44%	-	-
Ground - 3 -Refund	-	50	6.38%	-	-
Ground - 4 -ACH Mandate	-	25	-47.92%	-	-
Ground - 5 -EMI Moratorium/ Restructure	-	88	87.23%	1	-

45 Disclosure pursuant to RBI notification DOR (NBFC).CC.PD.No.109/22.10.106/201920 dated 13 March 2020 pertaining to asset classification as per RBI Norms

(Amounts are in Rs. Million)						
31 March 2023						
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)
<b>Performing assets</b>						
Standard	Stage 1	83,056.90	693.49	82,363.41	343.56	349.93
	Stage 2	2,742.31	247.33	2,494.98	11.50	235.83
<b>Subtotal for performing assets (A)</b>		<b>85,799.21</b>	<b>940.82</b>	<b>84,858.39</b>	<b>355.07</b>	<b>585.76</b>
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 2	57.60	18.55	39.05	5.88	12.67
Substandard	Stage 3	2,684.02	1,083.24	1,600.78	267.17	816.07
Doubtful						
up to 1 year	Stage 3	111.71	108.60	3.11	105.89	2.70
1 to 3 years	Stage 3	26.89	26.63	0.26	26.48	0.15
More than 3 years	Stage 3	123.27	103.51	19.76	103.51	-
Loss	Stage 3	702.62	707.43	(4.81)	702.58	4.84
<b>Subtotal for NPA (B)</b>		<b>3,706.11</b>	<b>2,047.95</b>	<b>1,658.15</b>	<b>1,211.51</b>	<b>836.44</b>
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	683.21	2.86	680.35	-	2.86
	Stage 2	135.17	1.88	133.29	-	1.88
	Stage 3	-	-	-	-	-
<b>Subtotal (C)</b>		<b>818.38</b>	<b>4.74</b>	<b>813.64</b>	<b>-</b>	<b>4.74</b>
	Stage 1	83,740.10	696.35	83,043.76	343.56	352.78
	Stage 2	2,935.07	267.77	2,667.32	17.38	250.38
	Stage 3	3,648.51	2,029.40	1,619.10	1,205.63	823.77
<b>Total (A+B+C)</b>		<b>90,323.68</b>	<b>2,993.51</b>	<b>87,330.17</b>	<b>1,566.57</b>	<b>1,426.94</b>

The Company has assessed its Expected Credit Loss in line with the RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Accordingly, no impairment reserve is required to be created.

(Amounts are in Rs. Million)						
31 March 2022						
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)
<b>Performing assets</b>						
Standard	Stage 1	61,676.66	493.93	61,182.73	260.35	233.58
	Stage 2	5,224.57	547.59	4,676.98	54.30	493.29
	Stage 3	72.64	40.55	32.09	7.39	33.16
<b>Subtotal for performing assets (A)</b>		<b>66,973.87</b>	<b>1,082.07</b>	<b>65,891.80</b>	<b>322.04</b>	<b>760.03</b>
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 2	137.02	48.24	88.78	20.16	28.08
Substandard	Stage 3	2,800.96	1,260.56	1,540.40	281.96	978.60
Doubtful						
up to 1 year	Stage 3	49.33	46.04	3.30	45.97	0.07
1 to 3 years	Stage 3	0.66	0.45	0.21	0.45	-
More than 3 years	Stage 3	105.62	86.13	19.48	85.71	0.42
Loss	Stage 3	711.15	711.62	(0.47)	711.15	0.47
<b>Subtotal for NPA (B)</b>		<b>3,804.74</b>	<b>2,153.04</b>	<b>1,651.70</b>	<b>1,145.40</b>	<b>1,007.64</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	723.83	3.69	720.14	-	3.69
	Stage 2	182.06	5.07	176.99	-	5.07
	Stage 3	-	-	-	-	-
<b>Subtotal (C)</b>		<b>905.89</b>	<b>8.76</b>	<b>897.13</b>	<b>-</b>	<b>8.76</b>
	Stage 1	62,400.49	497.62	61,902.87	260.35	237.27
	Stage 2	5,543.65	600.90	4,942.75	74.46	526.44
	Stage 3	3,740.36	2,145.35	1,595.01	1,132.63	1,012.72
<b>Total (A+B+C)</b>		<b>71,684.50</b>	<b>3,243.87</b>	<b>68,440.63</b>	<b>1,467.44</b>	<b>1,776.43</b>

The Company has considered 5% additional provision in respect of accounts which are default but standard upon extending asset classification benefit based on RBI circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and provisioning in terms of COVID19 Regulatory Package.

46 Disclosure pursuant to RBI notification DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 pertaining to Liquidity Risk Management Framework

(Amounts are in Rs. Million)											
Particulars	Quarter ended 31 March 2023		Quarter ended 31 December 2022		Quarter ended 30 September 2022		Quarter ended 30 June 2022		Quarter ended 31 March 2022		
	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	
High quality liquid assets											
1	Total high quality liquid assets	2,661.53	2,661.53	2,773.44	2,773.44	2,526.70	2,526.70	2,532.57	2,532.57	2,104.20	1,033.77
	- Cash	107.83	107.83	108.75	108.75	67.89	67.89	72.58	72.58	125.61	190.93
	- Government Securities	2,553.70	2,553.70	2,664.69	2,664.69	2,458.81	2,458.81	2,459.99	2,459.99	1,978.59	842.84
Cash outflows											
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	3,826.64	4,400.64	4,047.79	4,654.96	3,880.10	4,462.11	1,881.26	2,163.44	2,720.17	3,128.19
4	Secured wholesale funding	686.29	789.23	80.61	92.70	540.70	621.80	713.52	820.55	571.47	657.19
5	Additional requirements, of which	-	-	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	42.50	48.88	50.76	58.37	37.54	43.18	22.86	26.29	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	576.43	662.89	492.10	565.91	490.14	563.66	518.36	596.11	392.97	451.92
7	Other contingent funding obligations	709.79	816.26	714.41	821.57	603.29	693.78	561.05	645.20	639.94	735.93
8	Total cash outflows	5,841.65	6,717.90	5,385.67	6,193.51	5,551.76	6,384.53	3,697.03	4,251.59	4,324.55	4,973.23
Cash inflows											
9	Secured lending	-	-	-	-	-	-	-	-	-	-
10	Inflow from fully performing exposures	3,279.30	2,459.48	3,058.18	2,293.64	2,961.11	2,215.09	2,980.62	2,235.47	2,915.40	2,186.55
11	Other cashflows***	13,044.38	9,783.29	14,908.64	11,181.48	17,098.99	17,035.53	22,970.74	17,228.06	25,252.62	18,939.47
12	Total cash inflows	16,323.68	12,242.77	17,966.83	13,475.12	20,060.10	19,250.62	25,951.36	19,463.52	28,168.02	21,126.01
13	Total HQLA		2,661.53		2,773.44		2,526.70		2,532.57		1,033.77
14	Total net cash inflows/(outflows)		1,679.47		1,548.38		1,596.13		1,062.90		1,243.31
15	Liquidity coverage ratio (%)		158.46%		179%		158%		238%		83%

\* The average unweighted amounts are calculated by taking the simple average of Daily observations for calendar quarter.

\*\* The average weighted amounts are calculated by applying the RBI predefined stress percentage to cash inflows and outflows.

\*\*\* Other cash inflows include available committed lines of credit.

**Notes :**

1 In order to strengthen and raise the standard of the Asset Liability Management (ALM) framework applicable to NBFCs, Reserve Bank of India ("RBI") has decided to revise the extant guidelines on liquidity risk management for NBFCs. RBI has issued a circular in that aspect vide circular RBI/2019-20/88, DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 which requires NBFCs to adhere to guidelines of liquidity coverage ratio. Liquidity coverage ratio (LCR) standard is introduced in order to ensure that a NBFC's has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

2 As per the RBI guidelines, all non-deposit taking NBFCs with asset size of ₹ 5,000 crore and above but less than ₹ 10,000 crore, shall be required to minimum LCR in the phased manner from 1 December, 2020 as given below.

From	1 December 2020	1 December 2021	1 December 2022	1 December 2023	1 December 2024
Minimum LCR	30%	50%	60%	85%	100%

3 Liquidity management is driven by the ALM Policy, approved by the Board. The Treasury department of the Company reports to Asset Liability Management Committee (ALCO).

4 The Company has HQLA in form of Cash balances, Government Securities & T-bills issued by Central Government. No haircut is required on these assets for the purpose of LCR as per RBI circular.

5 Primary components of the outflows are repayment of existing debts, undrawn uncommitted lines, other contractual funding obligations, etc. Primary components of the inflows are collection from business receivables, fixed deposits with bank etc.

Toyota Financial Services India Limited  
Notes to the financial statements for the year ended 31 March 2023

Particulars	Quarter ended 31 March 2022		Quarter ended 31 December 2021		Quarter ended 30 September 2021		Quarter ended 30 June 2021		Quarter ended 31 March 2021	
	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**	Total Unweighted Value (average)*	Total Weighted Value (average)**
<b>High quality liquid assets</b>										
1 Total high quality liquid assets	2,104.20	2,104.20	1,273.27	1,273.27	1,036.81	1,036.81	1,063.09	1,063.09	1,033.77	1,033.77
- Cash	125.61	125.61	76.21	76.21	95.15	95.15	83.46	83.46	190.93	190.93
- Government Securities	1,978.59	1,978.59	1,197.06	1,197.06	941.66	941.66	979.63	979.63	842.84	842.84
<b>Cash outflows</b>										
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	2,720.17	3,128.19	2,145.04	2,466.80	1,611.12	1,852.78	2,097.82	2,412.50	1,634.38	1,879.53
4 Secured wholesale funding	571.47	657.19	85.84	98.72	32.24	37.08	181.45	208.67	1,033.75	1,188.81
5 Additional requirements, of which	-	-	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other	-	-	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	392.97	451.92	460.87	530.00	367.23	422.32	343.02	394.48	735.88	846.27
7 Other contingent funding obligations	639.94	735.93	606.22	697.16	536.82	617.34	732.72	842.62	716.02	823.43
<b>8 Total cash outflows</b>	<b>4,324.55</b>	<b>4,973.23</b>	<b>3,297.97</b>	<b>3,792.67</b>	<b>2,547.40</b>	<b>2,929.51</b>	<b>3,355.01</b>	<b>3,858.26</b>	<b>4,120.03</b>	<b>4,738.04</b>
<b>Cash inflows</b>										
9 Secured lending	-	-	-	-	-	-	-	-	-	-
10 Inflow from fully performing exposures	2,915.40	2,186.55	2,957.78	2,218.33	2,218.33	2,215.09	2,682.78	2,012.08	3,798.62	2,848.97
11 Other cashflows***	25,252.62	18,939.46	23,820.20	17,865.15	17,865.15	17,035.53	20,396.01	15,297.01	1,079.49	809.62
<b>12 Total cash inflows</b>	<b>28,168.01</b>	<b>21,126.01</b>	<b>26,777.98</b>	<b>20,083.48</b>	<b>20,083.48</b>	<b>19,250.62</b>	<b>23,078.79</b>	<b>17,309.09</b>	<b>4,878.11</b>	<b>3,658.59</b>
<b>13 Total HQLA</b>		<b>2,104.20</b>		<b>1,273.27</b>		<b>1,036.81</b>		<b>1,063.09</b>		<b>1,033.77</b>
<b>14 Total net cash inflows/(outflows)</b>		<b>1,243.31</b>		<b>948.17</b>		<b>732.38</b>		<b>964.57</b>		<b>1,184.51</b>
<b>15 Liquidity coverage ratio (%)</b>		<b>169%</b>		<b>134%</b>		<b>142%</b>		<b>110%</b>		<b>87%</b>

\* The average unweighted amounts are calculated by taking the simple average of Daily observations for calendar quarter.

\*\* The average weighted amounts are calculated by applying the RBI predefined stress percentage to cash inflows and outflows.

\*\*\* Other cash inflows include available committed lines of credit.

**Notes :**

- In order to strengthen and raise the standard of the Asset Liability Management (ALM) framework applicable to NBFCs, Reserve Bank of India ("RBI") has decided to revise the extant guidelines on liquidity risk management for NBFCs. RBI
- As per the RBI guidelines, all non-deposit taking NBFCs with asset size of ₹ 5,000 crore and above but less than ₹ 10,000 crore, shall be required to minimum LCR in the phased manner from 1 December, 2020 as given below.

From	1 December 2020	1 December 2021	1 December 2022	1 December 2023	1 December 2024
Minimum LCR	30%	50%	60%	85%	100%

- Liquidity management is driven by the ALM Policy, approved by the Board. The Treasury department of the Company reports to Asset Liability Management Committee (ALCO).
- The Company has HQLA in form of Cash balances, Government Securities & T-bills issued by Central Government. No haircut is required on these assets for the purpose of LCR as per RBI circular.
- Primary components of the outflows are repayment of existing debts, undrawn uncommitted lines, other contractual funding obligations, etc. Primary components of the inflows are collection from business receivables, fixed deposits with bank etc.

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**47 Disclosure pursuant to SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613, dated 10 August 2021, as amended for the year ended 31 March 2023.**

**Initial Disclosure made by the Company as a Large Corporate**

(Amounts are in Rs. Million)

S.No.	Particulars	Details
1	Name of the Company	Toyota Financial Services India Limited
2	CIN	U74900KA2011FLC058752
3	Outstanding borrowing of company as on 31st March, 2022	58,640.60
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	CRISIL AAA (Stable) & CRISIL A1+ by CRISIL Limited ICRA AAA (Stable) & ICRA A1+ by ICRA Limited
5	Name of Stock Exchange (*) in which the fine shall be paid, in	National Stock Exchange of India Limited (NSE)

**Annual Disclosure made by the Company as a Large Corporate**

1	Name of the Company	Toyota Financial Services India Limited
2	CIN	U74900KA2011FLC058752
3	Financial year	2022-23
4	Details of the current block	
i	3-year block period	2022-23, 2023-24, 2024-25
ii	Incremental borrowing in the current FY (a)	26,250.00
iii	Mandatory borrowing through debt securities in the current FY (b) = 25% of (a)	6,562.50
iv	Actual borrowings done through debt securities in the current FY 2022-23 (c)	8,000.00
v	Shortfall in the borrowing through debt securities, if any, for FY 2021-22 carried forward to FY 2022-23 and FY 2023-24 (d)	Nil
vi	Quantum of (d), which has been met from (c): (e)	Nil
vii	Shortfall, if any, in the mandatory borrowing through debt securities for FY 2022-23 {after adjusting for any shortfall in borrowing for FY 2021-22 which was carried forward to FY 2022-23} (f) = (b)-[(c)-(e)]	Nil
5	Details of penalty to be paid, if any, in respect to previous block	
i	2-year block period	2021-22, 2022-23
ii	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	Nil
6	Compliance Status	Complied

**48 Disclosure pursuant to RBI Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 pertaining to Resolution Framework for COVID-19-related Stress**

(Amounts are in INR Million, except Number of accounts)

Type of borrower*	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 30 September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 31 March 23	Of (A) amount written off during the half year ended 31 March 2023	Of (A) amount paid by the borrowers during the half year ended 31 March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the 31 March 2023 ***
Personal Loans	279.30	52.24	-	49.98	177.08
Corporate persons**	141.32	-	-	51.63	89.69
of which MSMEs	137.74	-	-	51.21	86.53
Others	0.00	-	-	-	-
Total	420.62	52.24	-	101.61	266.77

\* Auto loans and auto related loans

\*\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

**49 The Indian Parliament has approved the Code on Social Security, 2020 which may impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be determined. The Company will complete their evaluation and will give appropriate impact in the financial statements in the year in which, the Code becomes effective and the related rules to determine the financial impact are notified.**

**Toyota Financial Services India Limited**
**Notes to the financial statements for the year ended 31 March 2023**

- 50 The Company has not transferred and acquired loans to/from other entities during the year as prescribed under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 vide ref. no. RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021.
- 51 The Company does not have any undisclosed transactions which is not recorded in the books of account that has been surrendered or disclosed as income during the current year and previous year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 52 The Company has not traded or invested in Crypto currency or Virtual Currency during the current year and previous year.
- 53 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 54 The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 55 The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 56 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 57 The below table shows transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(Amounts are in Rs. Million)				
Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022	Relationship with the Struck off Company, if any
A R AUTOMOBILES PRIVATE LIMITED	Loans	0.17	0.51	Customer
AMRITVARSHA CONSTRUCTIONS PRIVATE LIMITED	Loans	0.59	-	Customer
AP MANAGEMENT CONSULTANTS PVT LTD	Loans	1.52	-	Customer
AS ELECTROMECH PVT LTD	Loans	0.21	-	Customer
CLEAR TOURS PVT LTD	Loans	0.63	-	Customer
CREAM PACKS PRIVATE LIMITED	Loans	4.33	-	Customer
CREATIVE HYGIENE PVT LTD	Loans	0.75	-	Customer
GLOMANTIX PRIVATE LIMITED	Loans	1.22	1.55	Customer
GODWIN RESORTS AND HOTELS PRIVATE LIMITED	Loans	1.34	-	Customer
MANISH DUGGAL TELECOM PRIVATE LIMITED	Loans	0.18	-	Customer
MMVA INDIA PRIVATE LIMITED	Loans	0.89	-	Customer
SWAPNIL INDIA INFRASTRUCTURE LIMITED	Loans	1.35	-	Customer
TRIMAAX TECHNOLOGIES PRIVATE LIMITED	Loans	0.11	-	Customer
UBAH INSTRUMENTS PVT LTD	Loans	0.59	-	Customer
IND AUD INFRASTRUCTURE PVT LTD	Loans	-	0.46	Customer
OMKARNI INFRASTRUCTURE PVT LTD	Loans	-	0.39	Customer
GATIK BUSINESS SOLUTIONS PVT LTD	Loans	-	0.19	Customer
MJB INFRASTRUCTURE PVT LTD	Loans	-	0.78	Customer

- 58a. The Company is not a declared wilful defaulter by any bank or financial institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2023 and 31 March 2022.
- 58b. There have been no events after the reporting date that require disclosure in these financial statements.

- 59 Indian economy was able to recover rapidly from the COVID second wave. The impact of the third wave was not pervasive and the Country witnessed mainly localized lockdowns, night curfews, etc. Rapid pace of vaccination has ensured faster normalization of the third wave. During the last quarter of the current fiscal year, there was resurgence of COVID cases in some parts of India. Due to wide spread vaccination and proactive actions by the Government authorities, the COVID waves were contained in their respective regions. The extent to which the COVID-19 will continue to impact the Company's performance depend on ongoing as well as future developments like covid waves, which are uncertain, including, among other things, actions to contain its spread internationally, pace of normalization of economic activity and consequentially the delinquency trends.

The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. Taking into consideration the impact arising from the COVID-19 pandemic on the economic environment, the Company has, during the year, continued to undertake a risk assessment of its credit exposures and in addition to the model determined ECL provision, it has recorded additional management overlay in the Balance sheet, to reflect deterioration in the macroeconomic outlook and other factors. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

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As per our report of even date attached

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

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

**Sd/-**  
**Swapnil Kale**  
Partner  
Membership No. 117812

**Sd/-**  
**Narayanaswamy Raja**  
Managing Director & CEO  
DIN: 06840450  
Bangalore  
25 May 2023

**Sd/-**  
**Sunita Rajiv Handa**  
Director  
DIN: 08215176  
Madikeri  
25 May 2023

Mumbai  
25 May 2023

**Sd/-**  
**Anupam Vasdani**  
Chief Financial Officer  
  
Bangalore  
25 May 2023

**Sd/-**  
**R Nithya Prabhu**  
Company Secretary  
Membership No. F9087  
Bangalore  
25 May 2023



**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**Annexure 1 forming part of the financial statements for the year ended 31 March 2022**

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

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

Particulars	31 March 2023		31 March 2022	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>(Amounts are in Rs. Million)</b>				
<b>Liabilities Side</b>				
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures # : Secured*	23,143.38	-	20,088.11	-
: Unsecured	-	-	3,646.17	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans*	41,409.13	-	33,416.78	-
(d) Intercompany loans and borrowing	5,413.05	-	-	-
(e) Commercial paper	2,472.45	-	1,489.55	-
(f) Other loans (working capital loans from banks and book overdraft)	-	-	-	-
(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-
* Including Interest accrued but not due				
# Balances as per financials as computed under IND AS under Effective Interest Rate 'EIR'				
<b>Asset Side</b>				
Particulars	31 March 2023		31 March 2022	
(3) Break-up of loans and advances including bills receivables [other than those included in (4) below]:				
(a) Secured	86,336.40		67,552.79	
(b) Unsecured*	-		-	
(4) Break-up of leased assets and stock on hire and other assets counting towards asset financing activities				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	180.14		-	
(b) Operating lease	17.75		17.05	
(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:				
1. Quoted				
(i) Shares: (a) Equity	-		-	
(b) Preference	-		-	
(ii) Debentures and bonds	-		-	
(iii) Units of mutual funds	-		-	
(iv) Government securities	2,547.48		2,419.40	
(v) Others	-		-	
2. Unquoted				
(i) Shares: (a) Equity	-		-	
(b) Preference	-		-	
(ii) Debentures and bonds	-		-	
(iii) Units of mutual funds	-		-	
(iv) Government securities	-		-	
(v) Others	-		-	

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

**Toyota Financial Services India Limited**  
**Notes to the financial statements for the year ended 31 March 2023**

**Annexure 1 forming part of the financial statements for the year ended 31 March 2022**

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

(Amounts are in Rs. Million)

(Amounts are in Rs. Million)

Particulars	31 March 2023	31 March 2022
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		
<b>Borrower group wise classification of assets financed in (3) and(4) above (gross) :</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>Amount net of provisions</b>	<b>Amount net of provisions</b>
	<b>Secured</b>	<b>Unsecured</b>
	<b>Total</b>	<b>Total</b>
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	0.77	-
2. Other than related parties*	86,515.78	-
Total	86,516.54	-


\*Provision for impairment of loans have been bifurcated on weighted average basis of secured and unsecured loan amount as disclosed in the financials.

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Please see note 3 below)

below)		31 March 2023		31 March 2022	
Category		Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties					
(a) Subsidiaries**		-	-	-	-
(b) Companies in the same group		-	-	-	-
(c) Other than related parties		-	-	-	-
2. Other than related parties					
Total		-	-	-	-
** As per Accounting Standard of ICAI (Please see Note 3)					
(7) Other Information					

(7) Other Information

Particulars	31 March 2023	31 March 2022
(i) Gross non performing assets		
(a) Related parties	-	-
(b) Other than related parties	3,706.11	3,804.73
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	2,047.95	2,153.04
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

1. The provision -point xix of paragraph 3 of chapter -2 of the Directions is applicable to NBFC-MFI.
2. Provisioning norms shall be applicable as prescribed in Master Direction-Non-Banking Financial Company-Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

## NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twelfth Annual General Meeting (AGM) of the Shareholders of Toyota Financial Services India Limited will be held on Tuesday, September 26, 2023, at 12.00 Noon (IST), through Video Conferencing ("VC") via Microsoft Teams / Other Audio-Visual Means (OAVM), deemed to be held at the registered office of the Company at No. 21, Centropolis, First Floor, 5th Cross, Langford Road, Shanti Nagar, Bengaluru – 560025 (Karnataka, India) to transact the following business:

### **Ordinary Business:**

- 1. Receive, consider and adopt the Audited Financial Statements of the Company as on March 31, 2023, including the Audited Balance Sheet as on March 31, 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year ended as on March 31, 2023, together with Reports of Directors (Boards' Report) and Auditors thereon.**
- 2. Re-appointment of Mr. Narayanaswamy Raja (DIN: 06840450), who retires by rotation, being eligible, offers himself for reappointment.**
- 3. Ratification of appointment and approval of continuation of Statutory Auditors of the Company.**

To consider and, if thought fit, to pass, with or with modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, RBI guidelines on appointment of Statutory Auditors of NBFCs issued on April 27, 2021, and any other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, the appointment of M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W) in the Tenth Annual General Meeting held in the year 2021, for a period of 3 (three) consecutive years, be and is hereby ratified to continue to hold office until the conclusion of the Thirteenth Annual General Meeting of the Company to be held in the year 2024, subject to the firm satisfying the eligibility norms each year, at a remuneration to be determined by the Board of Directors or any other person(s) authorized by the Board of Directors or the Audit Committee including fees payable for Limited Review Reports, Regulatory Certificates and Tax Audit but excluding actual travelling and out of pocket expenses incurred in connection with the audit, fees for other non-audit services / certifications, taxes as applicable, during the appointed period, with a power to the Board / Audit Committee to alter, vary and finalise the terms and conditions of appointment, as may be deemed necessary.

**RESOLVED FURTHER THAT** the Board of Directors or any other person(s) authorized by the Board of Directors or the Audit Committee of the Board be and is hereby authorised do all such other acts, matters, deeds and things as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

**Special Business:**

**4. Appointment of Mr. Tetsuo Higuchi (DIN: 10265141) as a Non-Executive Director of the Company.**

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

“**RESOLVED THAT** pursuant to Section 152 of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014, and all other applicable provisions of the Act (including any statutory modification or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and Rules / Regulations / Guidelines, if any, prescribed by the relevant authorities from time to time, on the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Tetsuo Higuchi (DIN: 10265141), who was appointed as an Additional Director in the category of Non-Executive Non-Independent Director effective August 11, 2023, who cease to hold office at the ensuing Annual General Meeting, be and is hereby appointed as a Director in the category of Non-Executive, Non-Independent, Director of the Company, who shall be liable for retirement by rotation and in respect of whom the Company has received a notice under provisions of Section 160 of the Act, proposing his candidature for the office of the Director.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors or any other person(s) authorized by the Board of Directors be and is hereby authorized to do such acts, deeds and things, take all such steps and actions and give such directions, as it may in its absolute discretion, deem appropriate.”

**5. Re-appointment of Mr. V Prakash (DIN: 00102091) as an Independent Director of the Company.**

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

“**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and Rules /

Regulations / Guidelines, if any, prescribed by the relevant authorities from time to time, on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the Shareholders of the Company be and is hereby accorded to re-appoint Mr. V Prakash (DIN: 00102091), as an Independent Director of the Company, not liable to retire by rotation, for a second term of two years effective from November 15, 2023, and shall hold office up to November 14, 2025, and in respect of whom the Company has received a notice under provisions of Section 160 of the Act, proposing his candidature for the office of the Director.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company or any other person(s) authorized by the Board of Directors, be and is hereby authorized to do such acts, deeds and things, take all such steps and actions and give such directions, as it may in its absolute discretion, deem appropriate.”

#### **6. Change in Borrowing limit.**

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

**“RESOLVED THAT** in supersession of the Special resolution passed by the Shareholders of the Company at the 9<sup>th</sup> Annual General Meeting of the Company held on September 24, 2020 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, guarantees 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 INR 225,000 Mn. (Rupees Two Hundred and Twenty-Five Thousand Million only) excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business.

Particulars	Borrowings limit (INR Mn.)
Bank/other lenders (Including ECB)	107,000
Commercial Papers	18,000
NCD (Including Masala Bond)	100,000
<b>Total Limit</b>	<b>225,000</b>

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 180(1)(a) 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 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 whosoever 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 INR 225,000 Mn. (Rupees Two Hundred and Twenty-Five 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."

## 7. Issue of Non - Convertible Debentures.

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

**"RESOLVED THAT** in supersession of the Special resolution passed by the Shareholders of the Company at the 11<sup>th</sup> Annual General Meeting of the Company held on September 22, 2022 and subject to the provisions of Section 180 (1) (c), Section 42, Section 71 and all other applicable provisions of the Companies Act, 2013 and rules & regulations made thereunder, Master direction of Reserve Bank of India for Non-Banking Financial Company dated September 01, 2016 ("RBI Master Direction"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment to any of the foregoing and other applicable laws, guidelines, direction, the consent of the Shareholders of the Company be and is hereby accorded, to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted /

to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), for a period of 1 (one) year from the date hereof, to raise funds for eligible activities as per applicable laws, by way of issuance of Non-Convertible Debentures, secured or unsecured, fixed rate or market / benchmark linked, on private placement basis, in one or more tranches / series, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors, based on the prevailing market condition, provided that the aggregate amount to be raised through the issuance of the Non-Convertible Debentures pursuant to the authority under this resolution along with the Non-Convertible Debentures already issued by the Company remains below the limit of INR 100,000 Mn. (Rupees One Hundred Thousand Million only).

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof), be and is hereby authorized to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution.”

#### **8. Alteration of Articles of Association.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 5, 14 and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the ‘Act’) and rules made thereunder, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, read with relevant circulars issued by SEBI from time to time, (including any amendment(s), statutory modification(s), variation(s) and/ or re-enactment(s) to any of the foregoing and other applicable guidelines, directions or laws), consent of the members of the Company be and is hereby accorded to alter the Articles of Association of the Company by incorporating new article - 77A after the existing Article 77, to the Articles of Association of the Company as under:

#### **Appointment of Nominee Director by Debenture Trustee**

**77A.** *Notwithstanding anything contained in these Articles and subject to the applicable laws, the Board shall have power to appoint a Director, nominated by the debenture trustee(s) in terms of the Securities Exchange Board of India (Debenture Trustees) Regulations on occurrence of any event specified under the applicable laws as amended from time to time. Such appointment of a Director shall be in accordance with the provisions of Debenture Trust Deed, provisions of Companies Act, 2013, Reserve Bank of India Regulations, Securities Exchange Board of India Regulations and all other applicable provisions of law.*

**RESOLVED FURTHER THAT** for giving effect to above resolution, the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include any duly authorized Committee thereof, which the Board may have constituted or hereinafter constitute from time to time by whatever name called to exercise its power conferred by this resolution) be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose including but not limited to execution of all necessary and required agreements, documents, instruments, writings and papers, and settle all difficulties, doubts and questions that may arise in regard to implementation of the aforesaid resolution and to file requisite forms or applications with statutory / regulatory authorities, without being required to seek any further consent or approval of the members of the Company.”

#### **9. Material Related Party Transaction with Toyota Kirloskar Motor Private Limited (TKM)**

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

**“RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zb), 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), the applicable provisions of the Companies Act, 2013 (‘Act’), if any, read with related rules, if any, as amended from time to time, and other applicable laws / statutory provisions, if any, the Company’s Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and / or permission(s), as may be required and based on the recommendation of the Audit Committee and the Board of Directors, consent of the Shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to enter / continue to enter into Related Party Transaction(s) / Contract(s) / Arrangement(s) / Agreement(s) with a Toyota Kirloskar Motor Private Limited (TKM), a Group Company and a ‘Related Party’ of the Company on such terms and conditions as may be mutually agreed between TKM and the Company, for an aggregate value of up to INR 1453.1 Million, to be entered during FY 2023-24 for sale of cars, receipt of subvention, leasing of vehicles, purchase of vehicles, Integration Interface maintenance services, offer GFV / buy-back based financing, pay-out for disbursement of retail Loan, availing of shared services, renting of premises, procurement of Lexus vehicle, procurement of Toyota Innova Hycross Car, execution of associate agreement, etc. subject to such contract(s) / arrangement(s) / transaction(s) being carried out at arm’s length and in the ordinary course of business of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as ‘Board’ which term shall be deemed to include the Audit Committee of the Company and any duly constituted/ to be constituted Committee of Directors thereof to exercise its powers including powers conferred under this resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and to take all such steps as may be required in this connection including any material modifications (including modification of individual limits for the transactions within the aggregate overall limit as specified above),



finalizing and executing necessary documents, contract(s), scheme(s), agreement(s) and such other documents as may be required, and to take all such actions herein conferred to, without being required to seek further consent or approval of the Shareholders or otherwise to that end and intent that the Shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred in favour of any other person / official of the Company as they may deem necessary and also authorized to do all such things acts, deeds, things, matters as they may consider necessary and expedient to give effect to the above resolution including but not limited to filing of necessary statutory documentation with the statutory authorities, as applicable.

**RESOLVED FURTHER THAT** all actions taken by the Board or any person so authorized by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed in all respects.”

By order of the Board of Directors  
**For Toyota Financial Services India Limited**

Sd/-

Date: August 28, 2023  
Place: Bangalore

R Nithya Prabhu  
**Company Secretary**  
ICSI Membership No: F9087

**NOTES:**

1. A Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), relating to item number 3 to 9 to be transacted at the Meeting is annexed hereto.
2. In compliance with the provisions of the Companies Act & MCA Circulars, the AGM of the Company is being held through VC on Tuesday, September 26, 2023, at 12:00 Noon (IST). The procedure for joining the AGM through VC / OAVM is mentioned in this Notice.
3. The deemed venue for the Twelfth AGM will be the registered office of the Company.
4. As the AGM will be conducted through VC / OAVM, the facility for appointment of Proxy by the Shareholders is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. Corporate Shareholders intending to have their authorized representatives to attend and vote at the Meeting are requested to send a scanned copy of authorizing their representative to attend and vote on their behalf at the Meeting to the Company at the following email ID: [cs@tfsin.co.in](mailto:cs@tfsin.co.in)
6. In line with MCA Circulars, the Notice calling the AGM along with the Annual Report for FY 2022-23 and Statement under Section 102 of the Companies Act, 2013, is being sent through electronic mode to those Shareholders whose email addresses are registered with the Company / Depositories. The Shareholders may note that the Notice and the Annual Report will also be available on the website of the Company at [www.toyotafinance.co.in](http://www.toyotafinance.co.in)
7. The statutory registers maintained under the Act, all documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company during normal business hours from 11 AM to 1 PM (IST) on all working days, up to and including the date of the AGM of the Company and will also be available for inspection at the Meeting.

**Instructions for Shareholders for attending the AGM through VC are as under:**

1. The Shareholders will be provided with a facility to attend the AGM through two-way VC through the Microsoft Teams system, and they may access the same through the link to be shared by the Company separately before the Meeting. The attendance of the Shareholders attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Act. The Notice convening the Twelfth AGM will be uploaded on the website of the Company at [www.toyotafinance.co.in](http://www.toyotafinance.co.in)
2. Shareholders may join the Meeting through Laptops, Smartphones, Tablets and iPads. Further, Shareholders will be required to use the Internet with a good speed to avoid any disturbance during the Meeting.

3. Shareholders are encouraged to submit their questions in advance with respect to the Accounts or the business to be transacted at the AGM. These queries may be submitted from their registered e-mail address, mentioning their name to reach the Company's e-mail address at [cs@tfsin.co.in](mailto:cs@tfsin.co.in) before 1.30 PM (IST) on Thursday, September 21, 2023. The designated email ID for casting vote, if demanded for poll at AGM will be [cs@tfsin.co.in](mailto:cs@tfsin.co.in).
4. Shareholders who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered e-mail address mentioning their name at [cs@tfsin.co.in](mailto:cs@tfsin.co.in) before 1.30 PM (IST) on Thursday, September 21, 2023. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
5. Further, Shareholders may join the AGM through VC facility through Microsoft Teams link to be shared separately, by following the instructions provided here. Such facility shall be kept open for the Shareholders 15 minutes before the scheduled time of the commencement of the AGM and would be kept open 15 minutes after the meeting also.
6. Shareholders 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](mailto:itservicedesk@tfsin.co.in) or Mr. Nithya Prabhu on +91-08 4344 2852 / [cs@tfsin.co.in](mailto:cs@tfsin.co.in).

By order of the Board of Directors  
**For Toyota Financial Services India Limited**

Sd/-

Date: August 28, 2023  
Place: Bangalore

R Nithya Prabhu  
**Company Secretary**  
ICSI Membership No: F9087

**Annexure to Notice:**

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:**

**Item no. 3:**

The Board of Directors at their Meeting held on September 2, 2021, had approved appointment of M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W) as Statutory Auditor of the Company, to fill the causal vacancy caused due to ineligibility of M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) to continue as the Statutory Auditor of the Company in terms of the Circular issued by Reserve Bank of India (RBI) vide no. RBI/2021- 22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines').

Thereafter, the Shareholders through resolution passed at the tenth AGM held on September 28, 2021, had approved appointment M/s. MSKA & Associates as Statutory Auditor of the Company for a continuous period of three years until the conclusion of the Thirteenth AGM of the Company to be held in year 2024 in terms of the RBI Guidelines. The RBI Guidelines also stipulate that such appointment of Statutory Auditor for a continuous period of three years shall be subject to the Statutory Auditor satisfying the eligibility norms each year, as stipulated therein. Accordingly, the Shareholders through resolution passed at the Eleventh AGM held on September 22, 2022, ratified and approved the continuation of M/s. MSKA & Associates as Statutory Auditors for FY 22-23.

Hence, as a prudent practice, it is now proposed to seek ratification in the ensuing AGM, for continuation of M/s. MSKA & Associates as the Statutory Auditor of the Company, till the conclusion of the thirteenth AGM of the Company to be held in year 2024, at a remuneration to be determined by the Board of Directors or any other person(s) authorized by the Board of Directors or the Audit Committee including fees payable for Limited Review Reports, Regulatory Certificates and Tax Audit but excluding actual travelling and out of pocket expenses incurred in connection with the audit, fees for other non-audit services / certifications, taxes as applicable, during the appointed period. M/s. MSKA & Associates have provided their consent and confirmed their eligibility to continue as Statutory Auditor of the Company as laid under the applicable provisions of Section 141 of the Companies Act, 2013 read with the relevant rules made thereunder and the applicable RBI Guidelines and the same was noted by the Audit Committee and the Board at its meeting held on May 25, 2023.

None of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially, or otherwise, in passing the Resolution at Item No. 3 of the Notice.

The Board and Audit Committee recommend the Resolution at Item No. 3 of the accompanying Notice for approval of the Shareholders as an **Ordinary Resolution**.

**Item no. 4:**

Mr. Higuchi Tetsuo (DIN: 10265141) was appointed as an Additional Director (Non-Executive) with effect from August 11, 2023, to hold office till the ensuing Annual General Meeting (AGM) of the Company pursuant to provisions of Section 161 of the Companies Act, 2013 (the Act), read with Articles of Association of the Company.

Mr. Higuchi Tetsuo, being eligible, is proposed to be appointed as a Non-Executive, Non-Independent Director of the Company and shall be liable for retirement by rotation.

As per Reserve Bank of India's (RBI) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company was required to obtain prior approval of RBI for any change in more than 30 per cent of the Directors, excluding Independent Directors. The Company has received the said approval from the RBI vide letter dated August 9, 2023, in relation to the appointment of Mr. Higuchi Tetsuo as a Non-Executive Director of the Company.

The Company has received a Notice from a Member in writing under Section 160 of the Act proposing his candidature for the office of Director. The Company has also received his consent in writing to act as Director and all other declarations as per applicable laws.

The information in respect of Mr. Higuchi Tetsuo pursuant to the Secretarial Standards on General Meetings and brief profile are provided at Annexure-A to this Notice which forms part of this explanatory statement.

The Nomination and Remuneration Committee and the Board at their respective meetings held on August 11, 2023, has evaluated the fit and proper criteria of Mr. Higuchi Tetsuo and has recommended his appointment as a Non-Executive Director of the Company in the ensuing Annual General Meeting of the Company.

In the opinion of the Board, Mr. Higuchi Tetsuo is a person of integrity and fulfils the conditions specified under the Companies Act read with Rules made thereunder and applicable SEBI Regulations, if any, for his appointment as a Non-Executive Director of the Company.

Except Mr. Higuchi Tetsuo, none of the other Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in passing the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends passing of the Resolution at Item No. 4 of the accompanying Notice for approval of the Shareholders as an **Ordinary Resolution**.

**Item no. 5:**

On November 14, 2022, the Board of Directors appointed Mr. V Prakash as an Additional Director (Category - Independent) of the Company effective November 14, 2022, for a term of 1 (one) year till November 13, 2023, subject to Shareholders' approval. The Nomination and Remuneration Committee and the Board at their respective meetings held on December 22, 2022, recommended the appointment of Mr. V Prakash as an Independent Director in the Extra-ordinary General Meeting (EGM) of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013. Thereafter, the Shareholders of the Company at the EGM held on December 22, 2022, approved his appointment effective November 14, 2022, for a term of 1 (one) year till November 13, 2023.

In terms of the Companies Act, 2013 and SEBI Regulations, the Nomination and Remuneration Committee and the Board at its respective meetings held on August 11, 2023, have recommended the re-appointment of Mr. V Prakash as an Independent Director of the Company for a second term of 2 (two) years effective from November 14, 2023, till November 13, 2025 pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and applicable SEBI Regulations.

The Company has also received a notice in writing under Section 160 of the Companies Act, 2013, from a Shareholder proposing the candidature of Mr. V Prakash to be appointed as an Independent Director of the Company.

The Company has received a declaration from Mr. V Prakash confirming that he meets the criteria of Independence under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015. Further, the Company has also received his consent to act as a Director in terms of section 152 of the Companies Act, 2013, a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and all other declarations / undertakings as required under applicable laws.

The Company has conducted performance evaluation of the Directors, Board as whole and the Committees etc. as required under the provisions of the Companies Act, 2013, and applicable Securities and Exchange Board of India regulations at their meeting held on February 13, 2023. The result of the performance evaluation of Mr. V Prakash was satisfactory.

In the opinion of the Board, Mr. V Prakash fulfils the conditions specified in the Companies Act, 2013, and rules made thereunder and applicable Securities and Exchange Board of India regulations for re-appointment as an Independent Director of the Company and he is independent of the management. Further, the Board of Directors of the Company is of the opinion that Mr. V Prakash has relevant experience and expertise to be re-appointed as an Independent Director of the Company.

Mr. V Prakash will not be entitled to receive any remuneration apart from sitting fees as approved by the Board of Directors and reimbursement of expenses for participation in the Board / Committee Meetings.

The Board of Directors is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director for a second term of 2 (two) years with effect from November 14, 2023.

The draft letter of re-appointment of Mr. V Prakash setting out the terms and conditions of re-appointment is being made available for inspection by the Shareholders through electronic mode.

The information in respect of Mr. V Prakash pursuant to the Secretarial Standards on General Meetings and brief profile are provided at Annexure-B to this Notice which forms part of the explanatory statement.

Except Mr. V Prakash and / or his relatives, none of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in passing the Resolution at Item No. 5 of the Notice.

The Board and Nomination and Remuneration Committee recommend the Resolution at Item No. 5 of the accompanying Notice for approval of the Shareholders as a **Special Resolution**.

#### **Item no. 6:**

To meet the growing business requirements, the Company is required to increase its borrowing limits from present INR 133,000 Mn. to INR 225,000 Mn. as under:

<b>Borrowings limits</b>	<b>Approved limit (INR Mn.)</b>	<b>Proposed limit (INR Mn.)</b>	<b>Increase in Limits (INR Mn.)</b>
Bank/other lenders (Including ECB)	70,000	107,000	37,000
Commercial Papers	18,000	18,000	No Change
NCD (Including Masala Bond)	45,000	100,000	55,000
<b>Total Limit</b>	<b>133,000</b>	<b>225,000</b>	<b>92,000</b>

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Director of a Company cannot borrow money 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), Non-Convertible Debentures (including Masala Bond) within the borrowing limits approved by the Shareholders.

The borrowings of the Company are, in general, may be required to be secured by mortgage, pledge, hypothecation or other charge or encumbrances on all or any of the movable and / or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s). Pursuant to the provisions of Section 180(1)(a) of Companies Act, 2013, 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 whosoever situated, in favour lenders 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, requires approval of the Shareholders of the Company.

Accordingly, the consent of the Shareholders is being sought for the change in borrowing limits and if required, to secure such borrowings by mortgage, pledge, hypothecation or other charge or encumbrances on any of the movable and / or immovable properties and / or the whole or any part of the undertaking(s) of the Company as set out in the Special Resolution at Item No. 6 of the Notice.

None of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in passing Resolution at Item No. 6 of the accompanying Notice.

The Board recommends the resolution set forth in Item no. 6 for the approval of the Shareholders as a **Special Resolution**.

**Item no. 7:**

The Company has been raising funds by issuing redeemable Non-Convertible Debentures, secured or unsecured (hereinafter referred to as "Debt Securities"), on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of Debt Securities of the Company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make private placement of its Debt Securities only after receipt of prior approval of its Shareholders by way of a Special Resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014, further provides that the said Special resolution must be passed in respect of all offers / invitations for the Debt Securities to be issued during a year and such a Special Resolution is required to be passed every year.

Accordingly, the Shareholders are requested to provide necessary approvals to the Board of the Company for raising funds through the issuance of Debt Securities for a period of 1 (one) year, within the borrowing limits approved by the Shareholders as set out in Resolution No. 6. The proceeds of the Issue will be utilized for eligible activities as per



applicable laws and shall not be used for investment in capital markets and real estate or any other restricted purpose specified by the RBI.

The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of Debt Securities by the Company for a period of 1 (one) year from the date on which the Shareholders have provided the approval by way of Special Resolution. All Debt Securities issued by the Company pursuant to such authority granted by the Shareholders shall be priced on the basis of the prevailing market conditions and as may be approved by the Board at such time.

The Shareholders are requested approve the issuance of Debt Securities by the Company for a period of 1 (one) year, up to INR 100,000 Mn. which includes a change in the limit of Debt Securities from INR 45,000 Mn. to INR 100,000 Mn., as set out in Resolution No. 6 above.

The Debt Securities proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

None of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in passing the Resolution at Item No. 7 of the Notice.

The Board recommends the Resolution at Item No. 7 of the Notice for approval of the Shareholders as a **Special Resolution**.

**Item no. 8:**

The Articles of Association ("AoA") is an important document of the Company comprising of rules and regulations that govern the Company's internal affairs. The Securities and Exchange Board of India (SEBI) vide its notification dated February 2, 2023, amended the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("SEBI NCS Regulation"), wherein it mandated that Articles of Association ("AoA") of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer company to appoint a person nominated by the debenture trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a Director on its Board. Further, in case AoA of issuer companies whose debt securities are already listed on the date of SEBI Notification does not contain a provision for appointing a Nominee Director by Debenture Trustee then such issuer companies should amend their AoA on or before September 30, 2023.

The Shareholders are requested to note that the Company has been issuing debt securities under SEBI NCS Regulations and such debt securities are listed in National Stock Exchange (NSE). Further, the existing AoA of the Company does not contain any provisions with respect to appointment of Nominee Director by the Debenture Trustee in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

To comply with the above-mentioned requirements, it is proposed to insert new clause with respect to the appointment of Nominee Director in the AoA.

Pursuant to section 14 of the Companies Act, 2013, the said alteration can be affected only with the approval of the Shareholders by passing a Special Resolution.

Accordingly, the consent of the Shareholders is being sought for alteration of the AoA of the Company by inserting the new article 77A.

None of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in passing the Resolution at Item No. 8 of the Notice.

The Board recommends the resolution set forth in Item no. 8 for the approval of the Shareholders as a **Special Resolution**.

**Item no. 9:**

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), inter alia, states that effective from April 1, 2022, all Material Related Party Transactions ('RPT') shall require prior approval of the Shareholders, even if such transaction(s) are in the ordinary course of business and at an arm's length basis. A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 crore or 10% of the annual turnover of a listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Toyota Kirloskar Motor Private Limited (TKM) is an Indian subsidiary of Toyota Motor Corporation, Japan and is one of the leading automobile manufacturers in India. TKM is a related party of the Company in terms of SEBI Listing Regulations and Companies Act. As part of business operations, the Company enters into various transactions with TKM with the approval of the Audit Committee and the Board. The transactions with TKM for FY 23-24 are expected to cross the materiality threshold of 10% of the annual turnover of the Company as per the last audited financial statements and hence in view of the same Resolution at item No. 10 is proposed for approval by the Shareholders. The Audit Committee and the Board, after reviewing all necessary information, has granted its approval for entering into the transactions with TKM during FY 2023-24 for an aggregate value of up to INR 1453.1 Million, for sale of cars, receipt of subvention, leasing of vehicles, purchase of vehicles, Integration Interface maintenance services, offer GFV / buy-back based financing, pay-out for disbursement of retail Loan, availing of shared services, renting of premises, procurement of Lexus vehicle, procurement of Toyota Innova Hycross Car and execution of associate agreement. The Audit Committee has noted that the said transaction(s) are at an arm's length basis and are in the ordinary course of business of the Company. The details of the proposed transactions with TKM including the Information pursuant to the SEBI Listing Regulations are provided at Annexure-C to this notice and forms part of the explanatory statement.

None of the Directors, Key Managerial Personnel and their respective relatives are in any way concerned or interested, either directly or indirectly, financially or otherwise, in the passing of the Resolution at Item No. 9 of the Notice.

The Board recommends the Resolution set forth in Item no. 9 for the approval of the Shareholders as an **Ordinary Resolution**.

By order of the Board of Directors  
**For Toyota Financial Services India Limited**

Sd/-

Date: August 28, 2023  
Place: Bangalore

R Nithya Prabhu  
**Company Secretary**  
ICSI Membership No: F9087

## Annexure-A

Details of Mr. Higuchi Tetsuo, Director seeking appointment at the twelfth AGM to be held on September 26, 2023:

Name of the Director	Mr. Higuchi Tetsuo
Date of Birth	January 21, 1972
Age	51 years 6 months
Date of First appointment on the Board	August 11, 2023
Relationship with Directors and Key Managerial Personnel	Nil
Expertise in specific functional area	About 28+ years of experience in Banking and Finance Industry
Qualification(s)	Master of Business Administration, Hitotsubashi University. Bachelor of Law, Niigata University.
Number of Meetings of the Board attended during the year	Mr. Tetsuo Higuchi has attended 1 (one) Board Meeting held during his tenure as an Additional Director.
Board Membership of other Companies	Nil
Chairmanships / Memberships of the Committees of other public limited companies	Nil
Number of equity shares held in the Company	1 (Beneficial owner of the equity share is Toyota Financial Services Corporation, Japan)

### Brief profile Mr. Mr. Higuchi Tetsuo:

Mr. Higuchi Tetsuo has a bachelor's degree in law and has also completed Master of Business Administration. He has 28+ years of experience in the banking and financial sector industry. He was associated with Mizuho Bank from 1995 to 2006. He joined Toyota group in the year 2006 as a manager. He is currently designated as a Deputy Chief Executive Officer of Toyota Motor Asia Pacific Pte Ltd., Director of Toyota Financial Services Philippines Corporation, Toyota Capital Malaysia Sdn. Bhd., Toyota Leasing (Thailand) Co., Ltd and Toyota Financial Services Korea Co., Ltd.

## ANNEXURE-B

Details of Mr. V Prakash, Director seeking re-appointment at the twelfth AGM to be held on September 26, 2023:

Name of the Director	Mr. V. Prakash
Date of Birth	June 18, 1962
Age	61 Years 1 Months
Date of First appointment on the Board	November 14, 2022
Relationship with Directors and Key Managerial Personnel	Nil
Expertise in specific functional area	He has more than 30 years of insightful experience and expertise in the banking sector. He was associated with various banks such as United Amara Bank; Lakshmi Villas Bank; Standard Chartered Bank, ICICI Bank etc.
Qualification(s)	Mr. V. Prakash has done M.Sc. in Mathematics from Mumbai University.
Number of Meetings of the Board attended during the year	Mr. V Prakash has attended 4 (four) out of 4 (four) Board Meetings held during his tenure.
Board Membership of other Companies	Nil
Chairmanships / Memberships of the Committees of other public limited companies	Nil
Number of equity shares held in the Company	Nil

### **Brief profile Mr. V Prakash:**

Mr. V. Prakash has done M.Sc. in Mathematics from Mumbai University. He has about 30 years of insightful experience and expertise in the banking sector. During his tenure at ICICI Bank, he was nominated as Director on the Board of several assisted companies both listed and unlisted. At ICICI Bank he has also served as a General Manager & Head of South India for wholesale banking. Moreover, he was associated with various other banks such as United Amara Bank, Yangon, Myanmar as a Deputy CEO; Lakshmi Villas Bank as an Executive Director; Standard Chartered Bank as a Director & Head of Mid Corporates Business for South India. Further he has considerable experience of working in State Bank of India. He has also served as a Retainer with Boutique Investment Banks in India as a “Deal Originator” in the Mid Corporate Segment, originating and executing Mergers & Acquisition transactions. He has acted as advisor to a Risk Analytics Company offering Risk Management Solutions to the Banking Industry. He was also involved in designing Course content for training of Wholesale Banking Relationship Managers.

### ANNEXURE-C

Details of proposed transactions with Toyota Kirloskar Motor Private Limited (TKM) for FY 23-24, are as follows:

S No.	Particulars	Information																										
1	Name of Related Party	Toyota Kirloskar Motor Private Limited																										
2	Nature of relationship	Fellow Subsidiary (Group Company) – Subsidiary of step-up holding Company (Toyota Motor Corporation, Japan)																										
3	The nature, duration of the contract and particulars of the contract or arrangement;	<p>Nature of Transactions: Sale of cars, receipt of subvention, leasing of vehicles, purchase of vehicles, Integration Interface maintenance services, offer GFV / buy-back based financing, pay-out for disbursement of retail Loan, availing of shared services, renting of premises, procurement of Lexus vehicle, procurement of Toyota Innova Hycross Car and execution of associate agreement.</p> <p>Duration of Transactions: FY 23-24.</p>																										
4	Whether in Ordinary Course of Business	Yes.																										
5	Whether at Arm’s Length basis	Yes.																										
6	Monetary Value / Total Amount involved	<p>Aggregate value of transactions with TKM up to INR 1453.1 Million for FY 23-24 for the following transactions: -</p> <table><thead><tr><th>Related Party Transactions FY 23-24</th><th>Limit in INR Million *</th></tr></thead><tbody><tr><td>Sale of cars to TKM.</td><td>70.0</td></tr><tr><td>Receipt of subvention.</td><td>90.0</td></tr><tr><td>Leasing of vehicles to TKM for use by their employees.</td><td>60.0</td></tr><tr><td>Purchase of Vehicles.</td><td>1,200.4</td></tr><tr><td>Integration Interface maintenance services with regards to wholesale funding business.</td><td>0.2</td></tr><tr><td>Offer GFV / Buy-back based financing to the customers of Toyota cars and Lexus cars.</td><td>9.5</td></tr><tr><td>Pay-out for disbursement of Retail Loan.</td><td>3.5</td></tr><tr><td>Availing of shared services.</td><td>0.8</td></tr><tr><td>Renting of Premises for Alternate Space / Office as per “Business Continuity Management Plan”.</td><td>0.5</td></tr><tr><td>Procurement of Lexus Vehicle.</td><td>15.0</td></tr><tr><td>Procurement of Toyota Innova Hycross Car.</td><td>3.3</td></tr><tr><td>Execution of Associate Agreement with TKM.</td><td>0.0</td></tr></tbody></table>	Related Party Transactions FY 23-24	Limit in INR Million *	Sale of cars to TKM.	70.0	Receipt of subvention.	90.0	Leasing of vehicles to TKM for use by their employees.	60.0	Purchase of Vehicles.	1,200.4	Integration Interface maintenance services with regards to wholesale funding business.	0.2	Offer GFV / Buy-back based financing to the customers of Toyota cars and Lexus cars.	9.5	Pay-out for disbursement of Retail Loan.	3.5	Availing of shared services.	0.8	Renting of Premises for Alternate Space / Office as per “Business Continuity Management Plan”.	0.5	Procurement of Lexus Vehicle.	15.0	Procurement of Toyota Innova Hycross Car.	3.3	Execution of Associate Agreement with TKM.	0.0
Related Party Transactions FY 23-24	Limit in INR Million *																											
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Execution of Associate Agreement with TKM.	0.0																											

		* Limit is subject to modification by the Board / ACB as per business requirements within the aggregate overall limit of INR 1453.1 Million for FY 23-24
7	Justification as to why the RPT is in the interest of the listed entity;	TKM is an Indian subsidiary of Toyota Motor Corporation, Japan and is one of the leading automobile manufacturers in India. TKM is a Group Company of Toyota and the transactions with TKM will be in the best interest of the Company considering business opportunity, synergy, cost effectiveness, ease of business, mutual support, and collaboration. The transactions are in ordinary course of business and at arm's length basis.
8	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	19.71% (Basis turnover of FY 22-23).
9	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary the details to be provided as specified in the regulation	No
10	Where any director is interested in any contract or arrangement with a related party,	None of the Director or Key Managerial Personnel is interested
12	Valuation and other Reports etc.	Nil
13	Any other information that may be relevant	All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013, forming part of this Notice.