



TOYOTA FINANCIAL SERVICES INDIA LIMITED

Regd. Office: No.21, Centropolis, First Floor, 5th Cross, Langford Road,
Shanti Nagar, Bangalore 560025.

2ND ANNUAL REPORT 2012-2013

BANKERS

Axis Bank Ltd
Bank of Tokyo Mitsubishi UFJ Ltd
Citi Bank N.A
Deutsche Bank
HDFC Bank Ltd
The Hong Kong and Shanghai Banking
Corporation Ltd
ICICI Bank Ltd
J.P. Morgan Chase Bank N.A.,
Kotak Mahindra Bank Ltd
Mizuho Corporate Bank Ltd
The Royal Bank of Scotland N.V
Standard Chartered Bank

AUDITORS

M/S Price Waterhouse
252, Veer Savarkar Marg,
Shivaji Park, Dadar(West)
Mumbai - 400028

CHIEF FINANCIAL OFFICER

Naoki Tokuhisa

SECRETARY

Nithya R

RISK MANAGEMENT COMMITTEE

Kazuki Ogura – Chairman
Naoki Tokuhisa
Vinod Cherumadathil
Rahul Sinha
P.S.Sridhar
Anupam Vasdani

BOARD OF DIRECTORS

Kazuki Ogura – Managing Director & CEO
Hiroshi Nakagawa
Sandeep Singh
Eiji Hirano
Mao Saka
Yasuhiro Yomoda

AUDIT COMMITTEE

Mao Saka
Kazuki Ogura
Eiji Hirano
Yashuhiro Yamoda

REMUNERATION COMMITTEE

Mao Saka
Kazuki Ogura
Eiji Hirano
Yashuhiro Yamoda

ASSET LIABILITY MANAGEMENT COMMITTEE

Kazuki Ogura – Chairman
Naoki Tokuhisa
Vinod Cherumadathil
Anupam Vasdani
P.S. Sridhar
Amit Kakkar

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DIRECTORS' REPORT

To the Members,

We are pleased to present the Annual Report of Toyota Financial Services India Limited for the year ended March 31, 2013.

FINANCIAL RESULTS

(Rupees in Millions)

PARTICULARS	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
Total Income	260.41	157.02
Expenditure	542.52	306.27
Profit / (Loss) Before Taxation	(282.11)	(149.25)
Profit / (Loss) After Taxation	(282.11)	(200.10)
Profit / (Loss) Carried to Balance Sheet	(482.21)	(200.10)

OPERATIONS

Your company has received the license from Reserve Bank of India on May 2nd, 2012 and has commenced its commercial operations only from June 5th 2012.

BUSINESS RESULTS

a) Indian Economy

The GDP growth of India shows a low since one decade (4.5% in March 13). Main reasons for this are a tight monetary policy of India's Central Bank (RBI) to combat inflation and the global decline in demand (US and European market). In line with this factors Inflation was the toughest macro-economic challenge in FY13.

b) Automotive Market

The overall automotive market showed its worst performance since 10 years (2% overall growth of Passenger Vehicles) and the sentiment remains negative. Key reasons for this are mainly a high interest rate level, consistent raise in fuel price (+0.5 INR p. month) and increase of duty.

c) Toyota

Within FY13, Toyota was able to sell 51,790 Toyota vehicles at those locations which are covered by the services of your company. Due to the overall negative market situation (pls. note "a" and "b") and in addition strong competition in the Utility Vehicle segment, Toyota was not able to reach its set targets in vehicle sales.

d) Toyota Financial Services India Ltd.

As of end of March 2013, your company is able to cover 64% of overall Toyota sales in India and is present in 19 locations and 74 Toyota dealerships. With 4,937 disbursed finance contracts, your company was able to achieve an overall finance penetration of 9.5% in FY13. Your company could secure since its business launch the No. 1 position within the field of "Inhouse-Finance"-Business (through the dealership). The overall business performance in FY13 was broadly in line with the set targets and expectations. Your company could not reach its plan with regard to its business volume, mainly due to the reduced Toyota sales versus plan.

As of March 31, 2013 your company assigned 148 associates, including 3 expats.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 2,600,000,000/- (Rupees Two Hundred and Sixty Crores only) divided into 260,000,000/- (Twenty Six Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

The Paid-up Share Capital of the Company is Rs. 2,600,000,000/- (Rupees Two Hundred and Sixty Crores only) divided into 260,000,000/- (Twenty Six Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

DIVIDEND

Since there is no divisible profit for the year under review, no dividend has been recommended by the Board of Directors. The Board of Directors assures you of continuous capital appreciation and returns in the coming years.

DIRECTORS

The Board is duly constituted with the following directors:

Name of the Director	Designation
Mr. Kazuki Ogura	Managing Director & CEO
Mr. Sandeep Singh	Director
Mr. Hiroshi Nakagawa	Director
Mr. Eiji Hirano	Director
Mr. Mao Saka	Director
Mr. Yasuhiro Yomoda	Director

Mr. Masayoshi Hachisuka and Mr. Akira Tsuboi resigned as the Directors of the Company with effect from January 31, 2013.

Mr. Mao Saka and Mr. Yasuhiro Yomoda were appointed as Directors with effect from January 31, 2013.

None of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act, 1956.

AUDITORS

During the year M/s. Price Waterhouse, Chartered Accountants, Mumbai retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. They are re-appointed on the basis of their expertise and capability. The Directors recommend their re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

FIXED DEPOSITS

Your Company has not accepted any deposits and as such no amount of principal or interest was outstanding as on the date of Balance Sheet.

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

Since the Company is not in an energy intensive industry the particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are not set out in the report. Nevertheless the Company is taking adequate steps to conserve energy.

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

DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO IS AS FOLLOWS:

Foreign Exchange Earnings	Foreign Exchange Outgo (Rupees in Millions)
NIL	5.303

PARTICULARS OF EMPLOYEES' REMUNERATION

Detailed information of particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 of the employees drawing remuneration of more than Rs. 5 lakhs per month or 60 lakhs per annum during the year under review is annexed to the report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, the Directors would like to inform members that the audited Accounts containing the Financial Statements for the year ended March 31, 2013 are in full conformity with the requirements of the Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's Financial condition and results of operations.

The Directors further confirm and state as follows:

1. In preparation of the annual accounts for the financial year ended March 31, 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Such accounting policies have been selected and applied 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.
3. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGMENT

The Directors thank the Company's customers, suppliers, bankers, Central and State Governments and shareholders for their support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the Board of Directors

Date: May 2, 2013

Kazuki Ogura
Director

Mao Saka
Director

INDEPENDENT AUDITORS' REPORT

To the Members of Toyota Financial Services India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Toyota Financial Services India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of Toyota Financial Services India Limited

Report on the Financial Statements

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
May 3, 2013

Alpa Kedia
Partner
Membership Number 100681

Annexure to Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2013

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. As the Company is registered for a period less than five years, the provisions of Clause 4(x) of the Order are not applicable to the Company.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

Annexure to Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2013

- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has used funds raised on short-term basis for long-term investment. The Company has obtained working capital loans from Banks amounting to Rs. 1,950,000,000 on a short term basis; as disclosed in Note 33 to the financial statements; part of these funds, have been used for disbursing long term vehicle financing.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for Note 32 to the financial statements regarding fraud on the Company by certain customers involved misrepresentation of facts and/ or documents in respect of loans granted by the Company and aggregating Rs 27,30,000, for which Management has reported these incidents to the Reserve Bank of India and has initiated the necessary steps to recover the outstanding loans including repossession of cars financed, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
May 3, 2013

Alpa Kedia
Partner
Membership Number 100681

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	2	2,600,000,000	2,600,000,000
(b) Reserves and Surplus	3	(482,217,554)	(200,100,146)
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	4	9,119,944	8,177,586
(b) Long Term Provisions	5	8,748,365	-
(3) Current Liabilities			
(a) Short Term Borrowings	6	1,950,000,000	-
(b) Trade Payables	7	114,849,613	92,073,614
(c) Other Current Liabilities	8	26,168,127	15,743,391
(d) Short Term Provisions	9	8,427,871	2,772,649
TOTAL		4,235,096,366	2,518,667,094
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	77,912,380	92,037,148
(ii) Intangible Assets	10	73,710,801	17,850,038
(iii) Intangible Assets under Development		1,062,650	75,404,084
(b) Long Term Loans and Advances	11	2,664,467,358	44,556,387
(2) Current Assets			
(a) Cash and Bank Balances	12	426,191,218	2,245,427,185
(b) Short -Term Loans and Advances	13	966,675,327	14,495,833
(c) Other Current Assets	14	25,076,632	28,896,419
TOTAL		4,235,096,366	2,518,667,094
Significant Accounting Policies	1		

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

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia
Partner
Membership No. 100681

Kazuki Ogura
Managing Director
& CEO

Mao Saka
Director

Nithya R
Company
Secretary

Place: Mumbai
May 03, 2013

Bangalore
May 02, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
I Revenue From Operations	16	153,835,476	-
II Other Income	17	106,575,683	157,023,202
III Total Revenue(I + II)		260,411,159	157,023,202
IV Expenses			
Employee Benefits Expense	18	162,889,824	75,358,919
Finance Costs	19	26,638,346	2,701,721
Depreciation and amortisation expense	20	40,614,476	11,022,632
Other Expenses	21	301,317,921	197,635,111
Pre-incorporation expenses	22	-	19,556,687
Contingent Provision for Standard Assets		8,795,500	-
Provisions on Non Performing Assets	23	2,272,500	-
Total Expenses		542,528,567	306,275,070
V (Loss) before Tax		(282,117,408)	(149,251,868)
VI Tax Expense			
(1) Current Tax		-	50,848,278
(2) Deferred Tax		-	-
VII (Loss) for the Year		(282,117,408)	(200,100,146)
VIII (Loss) per Equity Share of Rs. 10 each (Refer Note 30) Basic and Diluted		(1.09)	(0.77)
Significant Accounting Policies	1		

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

This is the statement of profit & loss referred to in our report of even date.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia
Partner
Membership No. 100681

Kazuki Ogura
Managing Director
& CEO

Mao Saka
Director

Nithya R
Company
Secretary

Place: Mumbai
May 03, 2013

Bangalore
May 02, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts in Rupees)

GENERAL INFORMATION

Toyota Financial Services India Limited was incorporated on May 20, 2011 under the Companies Act, 1956 and is a subsidiary of Toyota Financial Services Corporation, Japan, the ultimate holding Company being Toyota Motor Corporation, Japan. The Company has been set up to undertake auto financing business and related activities in India. The Company received certificate of registration from the Reserve Bank of India (RBI) to commence operations as Non-Banking Finance Company on May 2, 2012.

1. Summary of Significant Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2001, as amended] and the other relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the rendering of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards (AS) notified under the Companies Act, 1956. Accordingly, the Company has complied with the AS applicable to a SMC.

1.2 Use of Estimate

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

1.3 Tangible Assets and Depreciation

- i. Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

- iii. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.
- iv. Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. The following economic life has been considered:

Asset	Economic life
Leasehold Improvements	Over the tenor of the underlying lease
Office Equipment	5 years
Furniture and Fixtures	5 years
Vehicles	5 years
Computers	3 years

- v. Assets costing below Rs. 5,000 are depreciated fully in the year of acquisition.

1.4 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Capitalised intangible assets are amortised on a pro-rata basis using straight line method over their estimated useful lives or at rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher. The following economic life has been considered.

Asset	Economic life
Computer Software	5 years

1.5 Vehicle Financing

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

- a) Credit department approval of the loan
- b) Completion of documentation formalities by the customer
- c) Receipt of disbursement advice from the dealer

1.6 Revenue recognition

Interest on standard loans is accrued on a daily basis (30/360 basis) as determined by the amount outstanding and the rate applicable. In the case of Non-Performing Loans, interest is recognised as income upon realisation. Overdue interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.

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

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

Interest income from fixed deposits is accounted on accrual basis.

1.7 Loan Acquisition Expenses

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

1.8 Interest Expense

Interest expense is accounted on accrual basis.

1.9 Impairment of Loans

Provision for Standard Assets is made at the rate of 0.25% on the outstanding amount of Standard Assets and is disclosed under provisions, as required by the RBI.

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

1.10 Repossessed Assets

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

1.11 Foreign Currency Transactions

Initial Recognition

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

Subsequent Recognition

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

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

1.12 Employee Benefits

i. Provident Fund

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

ii. Gratuity

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

iii. Compensated absences

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

1.13 Leases

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

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

1.14 Current and Deferred Tax

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

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

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

1.15 Provisions and Contingent Liabilities

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

1.16 Cash and Cash Equivalents

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

1.17 Earnings Per Share

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

1.18 Impairment

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

1.19 Special Reserve

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

2) Share Capital

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Authorised: 260,000,000 Equity Shares of Rs.10 each	2,600,000,000	2,600,000,000
	2,600,000,000	2,600,000,000
Issued, Subscribed and Paid up 260,000,000 Equity Shares of Rs.10 each	2,600,000,000	2,600,000,000
	2,600,000,000	2,600,000,000

(a) Reconciliation of number of shares

Particulars	March 31, 2013		March 31, 2012	
	No of shares	Rupees	No of shares	Rupees
Balance at the beginning of the year Equity Shares	260,000,000	2,600,000,000	-	-
Add: Shares Issued during the year / period Equity Shares	-	-	260,000,000	2,600,000,000
Balance at the end of the year / period Equity Shares	260,000,000	2,600,000,000	260,000,000	2,600,000,000

(b) Rights, preferences and restrictions attached to shares

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

(c) Shares held by holding company and its nominees

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
260,000,000 equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	2,600,000,000	2,600,000,000

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

Particulars	March 31, 2013	March 31, 2012
Equity Shares:		
Toyota Financial Services Corporation, Japan, the subsidiary of Toyota Motor Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	260,000,000	260,000,000
Percentage holding	(100%)	(100%)

3) Reserves and Surplus

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(200,100,146)	-
(Loss) for the year/ period	(282,117,408)	(200,100,146)
Balance at the end of the year/ period	(482,217,554)	(200,100,146)

4) Other Long Term Liabilities

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Rent equalisation reserve	9,119,944	8,177,586
	9,119,944	8,177,586

5) Long Term Provisions

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(a) Provision for Standard Assets	6,475,865	-
(b) Provision for Non Performing Assets	2,272,500	-
	8,748,365	-

6) Short Term Borrowings

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Unsecured		
- Working Capital Loans from Banks	1,950,000,000	-
	1,950,000,000	-

Schedule of Working Capital Loan

Particulars	Date of maturity	Rate of Interest	Amount (Rupees)
Working capital loan	21-Jun-13	9.25%	200,000,000
Working capital loan	28-Jun-13	8.80%	200,000,000
Working capital loan	7-Oct-13	9.50%	200,000,000
Working capital loan	18-Nov-13	8.80%	200,000,000
Working capital loan	9-Dec-13	9.40%	100,000,000
Working capital loan	10-Dec-13	9.20%	200,000,000
Working capital loan	26-Dec-13	9.15%	200,000,000
Working capital loan	11-Feb-14	8.80%	400,000,000
Working capital loan	25-Mar-14	8.80%	250,000,000
Total			1,950,000,000

7) Trade Payables

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Sundry Creditors		
- Total outstanding dues to micro and small enterprises	345,784	-
- Total outstanding dues to creditors other than micro and small enterprises	28,728,560	92,073,614
Payable to Dealers	85,775,269	-
	114,849,613	92,073,614

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

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	345,784	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

8) Other Current Liabilities

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(a) Interest accrued but not due on borrowings	409,864	-
(b) Other Payables		
-Dues to Employees	15,174,910	6,500,000
-Other Liabilities (including statutory dues)	9,746,710	9,243,391
(c) Rent equalisation reserve	836,643	-
	26,168,127	15,743,391

9) Short Term Provisions

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(a) Employee Benefits		
- Gratuity (Refer Note 18(b))	1,428,236	621,090
- Provision for Compensated absences	4,680,000	2,151,559
(b) Provision for Standard Assets	2,319,635	-
	8,427,871	2,772,649

Notes to financial statements for the year ended March 31, 2013 (continued)

(All amounts in Rupees)

10) Fixed Assets

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION			NET BOOK VALUE	
	As at April 01, 2012	Additions during the year	Sales/ written off during the year	March 31, 2013	As at April 01, 2012	For the year	Deduction for the year	March 31, 2013	March 31, 2012
Tangible Assets									
Office Equipment	3,009,172	988,714	-	3,997,886	233,357	908,316	-	2,856,213	2,775,815
Computers	8,787,148	8,915,651	-	17,702,799	1,208,970	4,591,127	-	11,902,702	7,578,178
Furniture and Fixtures	15,648,346	454,482	-	16,102,828	1,417,411	3,167,158	-	11,518,259	14,230,935
Leasehold Improvements	62,429,016	-	-	62,429,016	5,622,614	13,494,290	-	43,312,112	56,806,402
Mobile phones	-	-	-	-	-	-	-	-	-
Vehicles	11,613,620	-	-	11,613,620	967,802	2,322,724	-	8,323,094	10,645,818
Total (A)	101,487,302	10,358,847	-	111,846,149	9,450,154	24,483,615	-	77,912,380	92,037,148
Previous Year	-	101,487,302	-	101,487,302	-	9,450,154	-	92,037,148	-
Intangible Assets									
Computer Software	19,422,516	73,993,313	2,728,778	90,687,051	1,572,478	16,130,861	727,089	73,710,801	17,850,038
Total (B)	19,422,516	73,993,313	2,728,778	90,687,051	1,572,478	16,130,861	727,089	73,710,801	17,850,038
Previous Year	-	19,422,516	-	19,422,516	-	1,572,478	-	17,850,038	-
Total Fixed Assets (A+B)	120,909,818	84,352,160	2,728,778	202,533,200	11,022,632	40,614,476	727,089	151,623,181	109,887,186
Previous Year (Grand Total)	-	120,909,818	-	120,909,818	-	11,022,632	-	109,887,186	-

11) Long Term Loans and Advances

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Loans		
Secured , Considered good		
Vehicle Finance (secured against hypothecation of car)	2,590,181,770	-
Secured , Considered doubtful		
Vehicle Finance - doubtful	2,979,000	-
Advances recoverable in cash or in kind or for value to be received		
(Unsecured, Considered good)	8,491,128	-
Other Loans and Advances (Unsecured, Considered good)		
Security deposits	35,872,822	35,372,072
Prepaid expenses	26,942,638	9,184,315
	2,664,467,358	44,556,387

12) Cash and Bank balances

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
a) Cash and Cash Equivalents		
Cash on Hand	10,000	10,000
Bank Balance in		
-Current Account	5,668,111	2,501,145
-Fixed Deposits (with original maturity less than 3 months)	120,513,107	592,916,040
b) Other Bank Balances		
-Fixed Deposits (with original maturity greater than 3 months but less than 12 months)	300,000,000	1,650,000,000
	426,191,218	2,245,427,185

13) Short -Term Loans and Advances

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Loans		
Secured , Considered good		
Vehicle Finance (secured against hypothecation of cars) [Includes Rs.5,02,308 of overdue principal and Rs.2,48,041 of overdue interest]	927,852,151	-
Others (Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	8,721,425	4,902,690
- Considered doubtful	6,745,000	6,200,000
(Less): Provision for doubtful advances	(6,745,000)	(6,200,000)
	8,721,425	4,902,690
Other Loans and Advances		
-Advance Tax and Tax Deducted at Source (Net of provision for taxation Rs. 50,935,278 [previous year: Rs 50,848,278])	15,315,309	4,889,574
- Prepaid expenses	13,156,922	4,379,654
- Others	1,629,520	323,915
	966,675,327	14,495,833

14) Other Current Assets

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(Unsecured, considered good, unless otherwise stated)		
Interest Accrued Not Due-Fixed Deposits	7,039,103	28,896,419
Interest Accrued Not Due- Vehicle Finance	16,600,291	-
Repossessed automobile Assets	1,437,238	-
	25,076,632	28,896,419

15) Capital and other Commitments

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Loans sanctioned but not disbursed (awaiting completion of documentation formalities by borrower)	8,599,000	-
Estimated value of contracts in capital account remaining to be executed	-	1,663,695

16) Revenue From Operations

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Interest On Loans - Vehicle Finance	135,773,058	-
Subvention Income	1,265,304	-
Other Financial Services		-
Loan Processing Fees	14,661,176	-
Documentation charges	1,507,615	-
Bounce Charges	311,233	-
Late Payment Charges	52,740	-
Other Operating Income	264,350	-
	153,835,476	-

17) Other Income

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Interest on Fixed Deposits	105,829,642	157,023,202
Net gain on foreign currency transaction and translation	716,354	-
Miscellaneous Income	29,687	-
	106,575,683	157,023,202

18) Employee Benefits Expenses

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Salaries, Bonus and Allowances	145,731,088	66,724,151
Contribution to Provident Fund and Other Funds (Refer note (a) below)	11,606,325	7,106,900
Gratuity (Refer note (b) below)	2,116,632	621,090
Staff Welfare	3,435,779	906,778
	162,889,824	75,358,919

(a) Defined Contribution Plan

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Amount recognised in the Statement of Profit and Loss		
i) Provident fund paid to the authorities	5,492,316	2,717,617
ii) Pension fund paid to the authorities	5,021,538	3,559,341
iii) EDLI & others	1,092,408	829,942
	11,606,262	7,106,900

(b) Defined Benefit Plan**Gratuity**

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

The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. The Company has taken a group gratuity policy with Life Insurance Corporation (LIC) which is partially funded. Gratuity Fund is administered through Trustees and/ or LIC and is a recognised fund under the Income Tax Act, 1956. 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.

The disclosures under Accounting Standard - 15 "Employee Benefits" are as under:

Assumptions:	2013	2012
Discount Rate	8.00%	8.50%
Expected Return on Plan Assets	8.00%	0.00%
Salary Growth Rate	8.00%	6.00%
Attrition Rate	5.00%	5.00%
Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Retirement Age	60 years	60 years

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

19) Finance Cost

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Interest Expenses:		
-Working Capital Loan	26,505,754	-
-On Shortfall of advance tax	-	2,021,534
-On delayed payment of statutory and other dues	132,592	680,187
	26,638,346	2,701,721

20) Depreciation and Amortisation Expense

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Depreciation on Tangible Assets	24,483,615	9,450,154
Amortisation of Intangible Assets	16,130,861	1,572,478
	40,614,476	11,022,632

21) Other Expenses

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Rent (Refer note 27 below)	38,215,645	29,201,263
Electricity & Fuel	1,455,043	376,153
Repairs and Maintenance - others	6,249,999	11,513,645
Insurance	551,789	524,116
Rates & Taxes	181,452	3,758,379
Travelling (Refer Note 22 below)	21,200,365	28,744,835
Auditor's Remuneration		
- Statutory Auditor	2,800,000	650,000
- Tax Audit	350,000	-
- Other Services	750,000	490,000
- Reimbursement of expenses	93,780	31,279
Professional and consultancy* (Refer Note 22 below)	98,101,238	97,754,206
Recruitment Expenses (Refer Note 22 below)	4,506,373	10,984,631
Printing and Stationery	626,628	187,289
Communication	5,866,938	1,426,111
Information Technology services	34,218,056	-
IT Stationary & Software	4,410,232	-
Collection Charges	5,718,682	-
Marketing	7,266,836	-
Advertisement	3,063,812	-
Postage and Courier	965,251	-
Entertainment	1,602,521	-
Commission to Dealers	57,935,662	-
Stamp Duty Charges (Net of reimbursement of Rs 5,223,798)	505,431	-
Conference	830,648	-
Provision for Doubtful Advances	545,000	6,200,000
Computer Software written off	2,001,689	-
Diminution in value of re-possessioned assets	100,000	-
Net gain on foreign currency transaction and translation	-	5,128,789
Miscellaneous	1,204,851	664,415
	301,317,921	197,635,111

*Professional and consultancy expenses during current year includes expenditure incurred Rs 8,61,91,747 towards carrying back office operations relating to retail loan finance, carried out by a third party.

22) Pre-incorporation expenses (Refer note 31)

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Travelling expenses	-	8,361,480
Professional and consultancy	-	10,156,287
Recruitment expenses	-	1,038,920
	-	19,556,687

23) Provisions for Non Performing Assets

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Provision for Non Performing Assets	2,272,500	-
	2,272,500	-

24) CIF Value of Imports

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Capital Goods	-	10,554,003
	-	10,554,003

25) Expenditure in foreign currency

Particulars	April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Professional fees	1,624,319	36,261,842
Travel	3,066,877	19,185,201
Recruitment / Relocation	111,266	1,243,283
Training	222,512	-
Information Technology	278,249	-
	5,303,223	56,690,326

26) The details of unhedged net exposure as at year-end are as follows:

Particulars	Amount in Foreign currency	Indian Rupees equivalent
Payable	USD 2,588	140,763

27) Operating Leases

The Company has entered into operating lease agreements for office premises. The leases for the office premises are non-cancellable in nature for a period 3 to 5 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 31,172,072 (Previous Year: Rs. 31,172,072) in respect of these leases.

The Company has entered into operating lease agreements for employee residences. The leases for these premises are non-cancellable in nature for a period 2 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 4,650,000 (Previous Year: Rs. 4,500,000). The actual rent paid is recovered from these employees. The excess of the equalised rent over the rent recovered is expensed off in the books.

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
(a) Lease payments recognised in the Statement of Profit and Loss during the year / period	38,215,645	29,201,263
(b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
- Not later than one year	40,106,777	33,888,270
- Later than one year but not later than 5 years	82,130,125	124,015,160
- Later than five years	-	680,046

28) Taxation

The Company is in the process of conducting a study on the transfer pricing rule for the year ended March 31, 2013. Adjustment to provision for taxation if any on completion of the transfer pricing study is not currently ascertainable.

29) Deferred Tax Liabilities (Net)

Particulars	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Deferred Tax Liabilities		
Depreciation	9,715,229	-
Preliminary Expenses	2,596	-
	9,717,825	-
Deferred Tax Asset		
Provision for Leave encashment	820,512	-
Provision for Gratuity	686,875	-
Contingent provision for standard assets	2,854,254	-
Provision for Non Performing Assets	737,456	-
Diminution in value of re-possessed assets	32,451	-
Provision for Bonus	4,809,283	-
Interest over due on NPA Deferred	90,049	-
Provision against doubtful advances	176,860	-
Rent equalisation disallowance	577,309	-
Employee welfare (Statutory dues)	299,335	-
	11,084,383	-
Net Deferred Tax Asset / (Liability)	-	-

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

30) Earning Per Share

Particulars		April 1, 2012 to March 31, 2013 (Rupees)	May 20, 2011 (date of incorporation) to March 31, 2012 (Rupees)
Loss after Tax	A	(282,117,408)	(200,100,146)
<u>Number of Equity Shares:</u>			
Number of shares at the beginning of the period		260,000,000	-
Equity shares allotted on May 20, 2011		-	260,000,000
Weighted average number of equity shares outstanding	B	260,000,000	260,000,000
Basic and Diluted EPS	A/B	(1.09)	(0.77)
Face value per share (Rs.)		10	10

31) Management Recharge

Management recharge represents the following expenses charged by Toyota Financial Services Corporation, Japan, the holding Company based on the 'Reimbursement Agreement' entered into between the Company and the holding Company.

Particulars	April 1, 2012 to March 31, 2013 (Rupees)**	May 20, 2011 (date of incorporation) to March 31, 2012	
		Pre-incorporation expenses*	Post-incorporation expenses**
Professional fees	1,624,319	6,909,937	27,063,407
Recruitment expenses	-	1,038,920	204,363
Travelling expenses	989,720	8,361,480	10,823,721
Relocation expenses	111,266	-	-
Training expenses	66,630	-	-
Total	2,791,935	16,310,337	38,091,491

*included in Note 22 "Pre-incorporation expenses"

** included in Note 21 "Other expenses"

32) Related Party Disclosures

(a) Names of related parties and nature of relationship:

Nature of relationship

- (i) Ultimate Holding Company
- (ii) Holding Company
- (iii) Fellow Subsidiaries (parties under common control)
- (iv) Key Management Personnel

Names of related parties

- Toyota Motor Corporation, Japan
- Toyota Financial Services Corporation, Japan
- 1. Toyota Kirloskar Motor Private Limited
- 2. Toyota Motor Sales, USA
- Mr. Kazuki Ogura – Managing Director and CEO

Notes to financial statements for the year ended March 31, 2013 (continued)

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

Nature of transaction	March 31, 2013					(Amounts in Rupees)				
	Ultimate Holding Company	Holding Company	Fellow Subsidiaries Toyota Kirloskar Motor Private Limited	Fellow Subsidiaries Toyota Motor Sales, USA	Key Management Personnel	TOTAL				
Transactions:										
Remuneration to Director	-	-	-	-	19,161,576	19,161,576				
Training expenses	15,119	-	-	140,763	-	155,882				
Management Recharge (Refer note 31 above)	-	2,791,935	-	-	-	2,791,935				
Balances as at year end:										
Trade Payables	-	-	-	140,763	-	140,763				

Nature of transaction	March 31, 2012					(Amounts in Rupees)				
	Ultimate Holding Company	Holding Company	Fellow Subsidiaries Toyota Kirloskar Motor Private Limited	Fellow Subsidiaries Toyota Motor Sales, USA	Key Management Personnel	TOTAL				
Transactions:										
Allotment of Equity Shares	-	2,600,000,000	-	-	-	2,600,000,000				
Remuneration to Director	-	-	-	-	14,726,221	14,726,221				
Management Recharge (Refer note 31 above)	-	54,401,828	-	-	-	54,401,828				
Balances as at year end:										
Trade Payables	-	53,513,147	71,430	-	-	53,584,577				

33) Additional information in terms of the RBI circular (Ref. No: DNBS (PD).CC.No. 125/03.05.002/ 2008-09) dated August 1. 2008**i) Capital to Risk Assets Ratio (CRAR)**

Items	March 31, 2013	March 31, 2012
CRAR (%)	55.23	-
CRAR - Tier I Capital (%)	55.00	-
CRAR - Tier II Capital (%)	0.23	-

ii) Exposure to Real Estate Sector

Category	As at 31-03-2013 (Rupees)	As at 31-03-2012 (Rupees)
A. Direct exposure		
(i) Residential mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial real estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
Residential	-	-
Commercial Real Estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

Notes to financial statements for the year ended March 31, 2013 (continued)

iii) Maturity pattern of certain assets and liabilities as at March 31, 2013

As on March 31, 2013

(Amounts in Rupees)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	-	-	400,000,000	-	1,550,000,000	-	-	-	1,950,000,000
Payable to Vehicle financing dealers	85,775,269	-	-	-	-	-	-	-	85,775,269
Assets									
Advances* - Retail	75,248,326	73,950,273	75,329,189	228,255,614	475,068,749	1,889,356,783	678,109,891	23,873,146	3,519,191,971
Fixed Deposits	120,513,107	-	80,000,000	-	220,000,000	-	-	-	420,513,107

As on March 31, 2012**

(Amounts in Rupees)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Payable to Vehicle financing dealers	-	-	-	-	-	-	-	-	-
Assets									
Advances - Retail	-	-	-	-	-	-	-	-	-
Fixed Deposits	-	-	-	-	-	-	-	-	-

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

** As the Company received its NBFC Certificate of Registration during the year ended March 31, 2013 corresponding previous year's figures are not applicable.

Cash and bank balances and future interest receivable have not been considered here. Maturity Pattern of Assets and Liabilities has been compiled by the Management and relied upon by the auditors.

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

Particulars	Amount in Rs.
a. Person involved	
Staff	Nil
Customer	2,730,000
Total	2,730,000
b. Type of Fraud	
Misappropriation and criminal breach of trust	-
Fraudulent encashment/ manipulation of books of account	-
Cheating and forgery	2,730,000

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

**35) Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms
(Reserve Bank) Directions, 2007 are given in Annexure I.**

36) Prior year comparatives

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

Signatures to notes 1 to 36 forms part of the financial statements and to the above notes.

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia
Partner
Membership No. 100681

Kazuki Ogura
Managing Director
& CEO

Mao Saka
Director

Nithya R
Company
Secretary

Place: Mumbai
May 03, 2013

Bangalore
May 02, 2013

ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007).

(All amounts in Rupees '000)

Liabilities Side		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
Particulars	Amount outstanding	Amount overdue
(a) Debentures : Secured	-	-
: Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Intercompany loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (Working Capital Loans from Banks)	1,950,410	-
Asset Side		Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured		3,521,464
(b) Unsecured*		-
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		1,437
(b) Loans other than (a) above		3,521,464
(4) 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		-
(v) Others (please specify)		-
2. Unquoted		
(i) Shares: (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of Mutual funds		-
(iv) Government Securities		-
(v) Others (Certificate of Deposits, Commercial Paper & PTC)		-

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

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company (continued)
(All amounts in Rupees '000)

Long Term investments:			
1. Quoted			
(i) Shares: (a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of Mutual funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
2. Unquoted			
(i) Shares: (a) Equity			-
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of Mutual funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
(5) Borrower group-wise classification of assets financed as in (2) and (3) above:			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-		-
(c) Other related parties	-		-
2. Other than related parties	3,521,464	-	3,521,464
Total	3,521,464		3,521,464
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	-		-
(b) Companies in the same group	-		-
(c) Other related parties	-		-
2. Other than related parties			
Total	-		-
(7) Other Information			
Particulars			Amount
(I) Gross Non Performing Assets			
(a) Related Parties			-
(b) Other than related parties			2,979
(II) Net Non-Performing Assets			
(a) Related Parties			-
(b) Other than Related Parties			707
(III) Assets acquired in satisfaction of debt			1,437

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

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

NOTES



TOYOTA FINANCIAL SERVICES INDIA LIMITED

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