



# 6<sup>th</sup> ANNUAL REPORT

2016-17



TOYOTA FINANCIAL SERVICES INDIA LIMITED



## **LIST OF CONTENTS**

<b>Sl. No.</b>	<b>Contents</b>	<b>Page No.</b>
1	MD & CEO Message	1
2	Corporate Information	2
3	Board's Report	3
3.1	Annexure-1 to Board's Report – Management Discussion and Analysis	11
3.2	Annexure-2 to Board's Report	17
3.3	Annexure-3 to Board's Report – Form No. AOC-2	19
3.4	Annexure-1 to Board's Report – Form No. MGT-9	20
3.5	Annexure-5 to Board's Report – Corporate Social Responsibility Activities Report	28
3.6	Annexure-6 to Secretarial Audit Report	29
4	Independent Auditor's Report	32
5	Financial Statement for FY 2016-17	39
6	Notice of 6 <sup>th</sup> Annual General Meeting	73

## **MD & CEO Message**



**Tomohei Matsushita**  
**MD & CEO**

Dear Shareholders,

Firstly I would like to thank you for your support and understanding to our business and management directions. We have completed 5 successful years of business operations in India in June 2017. FY16-17 has been overall positive for the Indian economy, although we have seen the disruptive effects of demonetization and the diesel-ban issue in parts of India, which has partly affected auto sales.

Passenger vehicle sales grew by 9.23% in FY16-17. Toyota Kirloskar Motors (TKM) has also launched the new Innova Crysta and all new Fortuner; both of which have been enthusiastically accepted in the domestic auto markets. Lexus has also been launched in India in March 2017, marking the entry of Toyota into the luxury car segment in India.

Toyota Financial Services India (TFSIN) continues to remain the most preferred car finance partner for Toyota enthusiasts in India. It is a great pleasure to report that we have been able to add happiness to more than 84,700 customers with presence in 172 Toyota dealership outlets across India as on March 2017. We have also launched Lexus Financial Services in March 2017, with the objective of offering best-in-class products and services in addition to provide amazing experience to Lexus customers in India. We look forward to continue to deliver superior products and service experience to our Toyota and Lexus customers, and remain committed to ensure that our customers are provided with a happy car experience throughout their journey.

Technology is rapidly transforming financial services landscape worldwide, and particularly in India. We shall continue to explore emerging technologies, particularly across analytics, Fin-Tech and emerging payment solutions, to transform our business processes, achieve lean business model and provide Best – In – Class customer experience.

Indian economy is expected to continue its recovery with economic reforms by the government, stable inflation, improved fiscal and current account deficit. Growth expectation of auto-finance sector is also robust, supported by softening of interest rate environment and shortening car ownership period.

With this tailwind, we will further brush up our business capability to continuously exceed customer's expectations and maintain the position of the first preferred car finance partner for Toyota customers in India. TFSIN remains committed to the spirit of kaizen; we have also adopted Best In Town (BIT) activities as a focus area to achieve continuous improvement, and ultimately to deliver superior value to all our stakeholders and contribute to the growth of the Indian economy.

Best Wishes  
Tomohei Matsushita  
MD & CEO

## Corporate Information

CIN: U74900KA2011FLC058752

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### REGISTERED OFFICE ADDRESS

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

### STATUTORY AUDITORS

Price Waterhouse  
252, Veersavarkar Marg,  
Shivajipark, Dadar (West)  
Mumbai – 400 028

### SECRETARIAL AUDITORS

V. Sreedharan and Associates  
Practicing Company Secretaries  
No. 32/33, 1<sup>st</sup> and 2<sup>nd</sup> Floor, GNR Complex  
8<sup>th</sup> Cross, Wilson Garden,  
Bangalore - 560027

### INTERNAL AUDITORS

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

### DEBENTURE TRUSTEE

Vistra ITCL (India) Ltd.  
IL & FS Financial Centreplot  
No C22 G Block Bandra Kurla Complex  
Bandra (East) Mumbai – 400 051

### BANKERS

Axis Bank Ltd.  
Bank of Tokyo Mitsubishi UFJ Ltd.  
BNP Parisbas  
Credit Agricole Corporate and Investment Bank  
Citi Bank N.A.  
Deutsche Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
JP Morgan Chase Bank, N.A.  
Kotak Mahindra Bank Ltd.  
Mizuho Corporate Bank Ltd.  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
The Hongkong & Shanghai Banking Corporation Ltd.

## **BOARD'S REPORT**

**Dear Members,**

Your Directors are pleased to hereby present the report on the performance and affairs of your Company for the financial year ended March 31, 2017.

### **Report on the Performance and Financial Position:**

With sustained focus and commitment rendering to enhanced business performance across India contributing to sale of the Toyota automotive, your Directors are pleased to report that the Company made profit after taxes of INR 489.56 million during the financial year under review as against the profits reported in the last financial year ie., INR 472. 69 million.

The summary of financial results of your Company for the financial year ended March 31, 2017 is hereunder:

*(Amount in INR Millions)*

<b>PARTICULARS</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Total Income	6013.58	4286.40
Expenditure	5257.62	3864.36
Profit / (Loss) Before Taxation	755.96	422.04
Profit / (Loss) After Taxation	489.56	472.69
Profit / (Loss) Carried to Balance Sheet	489.56	472.69

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

### **Share Capital:**

During the reporting period, the Authorized share capital of the Company was increased from 7,400,000,000 (Rupees Seventy Four Hundred Millions) to INR 8,638,553,100 (Rupees Eight Billion Six Hundred Thirty Eight Million Five Hundred Fifty Three Thousand One Hundred Only) for infusion of additional capital to the tune of INR 1,238,553,100 (Rupees One Billion Two Hundred Thirty Eight Million Five Hundred Fifty Three Thousand One Hundred Only) for meeting the expanding business needs. The Company issued 162,500,000 equity shares of INR 10 (Rupees Ten only) each at a premium of INR 6 (Rupees Six only) each to Toyota Financial Services Corporation, Japan via Private Placement Preferential Allotment on August 19, 2016 pursuant resolution passed at Extra-ordinary General Meeting dated August 12, 2016.

The present paid up capital of the company is INR 8,638,553,100 (Rupees Eight Billion Six Hundred Thirty Eight Million Five Hundred Fifty Three Thousand One Hundred Only)

### **Amount carried to Reserves:**

An amount of INR 97,911,543/- (Rupees Ninety Seven Million Nine Hundred and Eleven Thousand Five Hundred and Forty Three only) has been transferred from surplus of profits towards Statutory Reserve fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

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

**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 the Company which have occurred during the financial year ended March 31, 2017 and as on the date of this report i.e. May 26, 2017.

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

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

**Statutory Disclosures on Remuneration of Employees:**

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

**Change in Directors and Key Managerial Personnel**

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

- Ms. Renu Rajani was re-appointed as Independent Director at the fifth annual general meeting held on August 12, 2016, to hold office for a period of 03 (three) years until the Eighth Annual General Meeting.
- Mr. Raman Rengan was re-appointed as Independent Director at the fifth annual general meeting held on August 12, 2016, to hold office until the Sixth Annual General Meeting or completion of 70 (seventy) years of age, whichever is earlier.
- Mr. Takeshi Amakasu resigned from Directorship position on December 20, 2016.
- Mr. Akitoshi Takemura was appointed as Additional Director with effect from February 1, 2017, to hold office as additional director till ensuing annual general meeting.
- Ms. Pallavi K (ACS 27692) resigned from the post of Company Secretary on August 29, 2016. Ms. Reena Mary (ACS 23518) was appointed as Company Secretary with effect from August 30, 2016 at the Board meeting held on August 12, 2016.

Your Board of Directors would like to place on record its appreciation for the valuable service and guidance provided by Takeshi Amakasu during his tenure with the Company.

Below is the list of directors and Key Managerial personnel as on March 31, 2017:

Name of the Directors & KMP	Designation	Date of Appointment
Mr. Tomohei Matsushita	Managing Director and Chief Executive Officer	January 1, 2016
Mr. Kazuki Ogura	Non-Executive Director	February 9, 2016
Mr. Akito Tachibana	Non-Executive Director	April 1, 2016
Mr. Akitoshi Takemura	Non-Executive Director	February 1, 2017
Mr. Raman Rengan	Independent Director	March 13, 2015
Ms. Renu Lata Rajani	Independent Director	March 13, 2015
Mr. Akihiko Sekiguchi	Chief Financial Officer	January 1, 2014
Ms. Reena Mary	Company Secretary	August 30, 2016

**Retirement of Directors by Rotation:**

None of the directors retired by rotation during the year under review, since all the directors apart from Managing Director (whose office is not eligible for retirement by rotation) got re-appointed/ regularized in the last annual general meeting.

**Board Meetings held during the Financial Year: (as per Clause (b) of Sub Section 3 of Section 134):**

The Board of Directors met four times during the year that is on, May 26, 2016, August 12, 2016, November 11, 2016, and February 28, 2017.

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

**Details of Board and Committees:**

The list of Directors on the Board and its committees as on 31<sup>st</sup> March 2017 is as under:

Directors	BOD	Audit Committee	Nomination & remuneration Committee	Corporate Social Responsibility Committee
Mr. Tomohei Matsushita ( MD & CEO)	✓	✓	x	✓ (Chairman)
Mr. Kazuki Ogura (Non-executive Director)	✓	x	x	x
Mr. Akito Tachibana (Non-executive Director)	✓	x	✓	x
Mr. Akitoshi Takemura (Non-executive Director)	✓	x	✓ (Chairman)	✓
Mr. Raman Rengan (Independent Director)	✓	✓ (Chairman)	✓	x
Ms. Renu Rajani (Independent Director)	✓	✓	✓	✓

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

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

follows:

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

**Details of Appointment of Women Director:**

As per Section 149(1) of the Companies Act, 2013 your Company has appointed Ms. Renu Rajani as an independent director on the Board of the Company.

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

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

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

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

- Director must be 'Fit and Proper' for appointment as a Director on the Board of Toyota Financial Services India Limited
- In order to conduct such due diligence to ascertain if the Director is 'Fit and Proper', the incumbent Directors must provide a declaration in the format specified by the Reserve Bank of India ('RBI') initially at the time of appointment and thereafter annually and also whenever there is a change in the information already provided by them in the previous declaration.
- The Nomination and Remuneration Committee may demand for any more information as it may deem necessary to conduct the due diligence.
- Director must have relevant qualification and/ or expertise and/ or track record in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.



- The appointed Directors must enter into a deed of covenant with the Company as per the format provided by RBI from time to time.

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

#### **Subsidiary Companies:**

Your Company does not have any subsidiary Companies.

#### **Deposits:**

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

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

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

#### **Related Party Transactions:**

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

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

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

#### **Extracts of the Annual Return**

The details forming part of the extract of the Annual Return in form MGT 9 in terms of clause a of sub section 3 of Section 134 is annexed herewith as **Annexure – 4**

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

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

##### **(B) Foreign exchange earnings and Outgo:**

Foreign Exchange Earnings (INR In Millions)	Foreign Exchange Outgo (INR In Millions)
0	26.09

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

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

**Corporate Social Responsibility:**

The Company continues to have in place duly constituted Corporate Social Responsibility ('CSR') Committee as per the provisions of Section 135(1) of the Companies Act, 2013. The Committee was constituted with three directors Mr. Tomohei Matsushita, Mr. Takeshi Amakasu and Ms. Renu Rajani, Directors. However, in view of resignation of Mr. Takeshi Amakasu, the Committee was re-constituted during the year. The members of CSR Committee at present are Mr. Tomohei Matsushita, Mr. Akitoshi Takemura and Ms. Renu Rajani.

An amount of INR 3,324,770 (Rupees Three million Three Hundred and Twenty Four Thousand Seven Hundred and Seventy only) was budgeted towards CSR activities for undertaking the same in the reporting period in terms of the legal requirement. The Company has spent INR 3,327,590 (Rupees Three Million Three Hundred and Twenty Seven Thousand Five Hundred and Ninety only). Detailed report on the activities undertaken during the reporting period is attached as **Annexure - 5** to this report.

**Performance Evaluation of the Board and its Committee:**

In accordance with the policy for Directors Appointment, Re-Appointment and Evaluation adopted on March 13, 2015, the Board and Committees were evaluated during the reporting year as below :

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

Performance Evaluation Questionnaire of Board, Committees and its Members was approved by Board and Nomination and Remuneration committee on November 11, 2016. The approved Performance Evaluation Questionnaire forms setting the criteria for evaluation were considered for performance evaluation.

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

Performance evaluation report of all the directors was taken on record by Board of directors and Nomination and Remuneration Committee in their meeting held on February 28, 2017.

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

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

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

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

**Details of Vigil Mechanism:**

Your Company has framed and implemented a Whistle Blower Policy and Anti Bribery Policy. Your Company continues to conduct regular workshops and training sessions to inform and educate the employees about these policies. During the year FY16-17 no incident was reported under these policies.

**Appointment of Statutory Auditors:**

M/s Price Waterhouse, Chartered Accountants ( Firm Registration No. 301112E) were appointed as Statutory Auditors for a period of 3 years in the Annual General Meeting held on May 13, 2014 that completes on conclusion of the ensuing Annual General Meeting. Their continuance of appointment for the next tenure for 04 (four) years period and other terms are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed for the next term, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**Audit Observation:**

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

**Appointment of Secretarial Auditor and the Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s V Sreedharan and Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company.

The Secretarial auditors have conducted the secretarial audit for the FY16-17 and have provided their report in form MR- 3, which is annexed to the report as **Annexure - 6**. There are no adverse or negative remarks in the Secretarial Audit Report.

**RBI Guidelines:**

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

**General Disclosures:**

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

review:

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

**Acknowledgement:**

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

For Toyota Financial Services India Limited	For Toyota Financials Service India Limited
<b>SD/-</b>  <b>Tomohei Matsushita</b> <b>Managing Director</b> <b>DIN: 07335725</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>	<b>SD/-</b>  <b>Akito Tachibana</b> <b>Director</b> <b>DIN: 07411338</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>

**ANNEXURE- 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BUSINESS ENVIRONMENT:**

**World Economy:**

World economy grew at 3.1% in 2016, as per IMF estimates. The year will be remembered for BREXIT and US Presidential elections, and the potential profound shift in international relations in coming years. Commodity exporters faced pressure in 2016, with crude oil touching lows of 28 USD per barrel. However, lifting sanctions from Iran and restrictions on oil supply by oil-producing nations, helped crude prices recover from the lows of early 2016. US Federal Reserve finally raised interest rates in December after a 1 year pause.

2016 was also a good year for financial markets. Global high yield bonds were the best performers, followed by global equities. Emerging market debt also benefited from falling inflation, particularly in Latin America. Global economic activity is showing signs of modest revival, driven by improving global financial markets, recovery in manufacturing and signs of recovery in commodity prices outlook. World growth is expected to rise to 3.5 percent in 2017 and 3.6 percent in 2018, as per IMF estimates.

In advanced economies, economic growth is primarily driven by improving US economy, expectation of looser fiscal policy in US, stronger USD & rise in US bond yields. Outlook has also improved for Euro area countries & Japan.

Among Emerging Market economies, growth is projected to remain strong in China & India. Higher commodity prices and easing inflation are expected to support recovery in Brazil, Russia and some other commodity producers. Weaker outlook is projected in several economies of Latin America & Middle East. The most significant risk factors to global growth arises from rise in inward shift in trade policies among developed economies, growing support for trade protectionism and threats to global economic integration (e.g. BREXIT). Potential market volatility resulting from political uncertainties and rising divergence in interest rates between major economies heightens risks of exchange rate volatility. Risks to Emerging Market economies may arise from higher corporate debt, rising non-performing loans and vulnerability to geo-political shocks.

**Indian Economy :**

FY16-17 can be said to be overall positive for the Indian economy. Government's push for key reforms (Goods and Services Tax (GST) Bill, Bankruptcy Code, etc.), normal monsoon after 3 years containing food inflation, Government continuing on prudent fiscal path have been some positives for the Indian economy. The economy, however, is yet to fully recover from the disruptive effects of demonetization. The Government was able to pass key economic regulations such as GST Bill & Bankruptcy Code. GST is expected to create a unified national market by eliminating numerous state indirect taxes regulations, reduce double taxation and boost GDP growth. Government effort towards ease of doing business & digitalization are also expected to boost growth in the medium term.

Inflation as measured by the Consumer Price Index (CPI) remained range-bound between 3.17% and 6.07% in FY16-17. Low CPI was also governed by reduced demand during the demonetization period; however CPI remained within the RBI target. In spite of the pressure to boost growth after

demonetization, Government has chosen the path of fiscal prudence to limit budgeted Fiscal Deficit to 3.2% of GDP for FY17-18.

Government push towards digitalization (less-cash economy), backed by Jan Dhan accounts & Aadhar registrations, is expected to widen the tax base and reduce leakage of Govt. subsidies. Reduced demand of cash would increase the money multiplier in the economy, and transmission of monetary policy rates become more effective

#### **Auto Sector:**

Overall, Indian auto industry produced a total of 25.3 million vehicles approximately in FY16-17, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 24 million in FY15-16.

The sale of these vehicles in domestic market was 20.5 million in FY16-17 with a growth of 6.8% over FY15-16.

Passenger vehicles segment created a benchmark in FY16-17, by selling more than 3 million units in domestic market, with a growth rate of 9.23%. In FY16-17 alone, passenger car segment grew by 9.96% as compared to FY15-16. Most of the passenger vehicle manufacturers have reported a steady growth on the back of new product launches. In FY17-18, the passenger vehicle car segment is forecasted to grow between 7-9 percent. The key drivers for the growth are likely to be better pay commission payouts, expected launches of new car models and rural demand.

The overall domestic sales of commercial vehicles increased by 4.16% in FY16-17, while sales of medium & heavy commercial vehicles increased at 0.04% only during the same time.

#### **Auto Finance sector:**

The four wheeler finance market in India has witnessed growth in recent years on account of rising demand for cars fueled by expansion in middle income population of the country and rising personal disposable income. The growth in this segment has been largely led by the factors such as increasing car sales accompanied with reduction in average ownership period. As per research estimates, new passenger vehicle finance market in India is expected to double between FY14-15 to FY19-20. The growth is expected to be driven primarily by increase in ticket size and finance penetration growth. The four wheeler finance market in India is comprised of large and medium finance providers such as banking institutions and NBFCs which provide highly competitive interest rates. As per industry estimates, NBFC credit to the Passenger Vehicle segment is expected to grow by 12-14% in FY16-17 and FY17-18.

The young and middle aged people who belong to the working/self-employed people are the major loan demanding class in India. The pre-owned car finance market has emerged as one of the fastest growing market in the previous few years. The share of used passenger vehicles financing in total NBFC passengers vehicles financing was approximately 25% as on December 2016 as per industry estimates. This market segment has been majorly driven by factors such as reduction in average ownership period of cars, higher penetration of banks, higher urban population and higher sales of the used cars in the country. Due to the easy and quick loan policies and higher penetration of banks and NBFCs in the country, there has been an incitement in number of new as well as used cars financed through the last five years. About 70% of passenger vehicles in India are financed.

Competitive pressure from banks, with their steep rate cuts, especially post demonetization, may affect NBFC credit growth in the Passenger Vehicle segment. Thinner margin reduces risk buffer of financiers and makes them more vulnerable to potential negative scenarios, such as higher credit loss due to slowdown in economy, or sudden hike of cost of borrowing due to financial market turmoil, etc. However, captives have emerged as key contenders in the auto finance space, since they have added value to the entire eco-system – OEMs, dealers and customers. Refinancing existing customers, innovating dealer financing and creating best-in-class customer experience are few aspects which has helped captive financiers carve out their own niche in the auto-financing segment.

**State of Company and Results of Operation:**

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

In order to provide convenience of repayment to the customers, the Company offers a wide range of auto loan products such as Smart Finance, Flexi Finance, Easy Finance etc., along with Classic finance. Although these products are new and not so prevalent in India, the Company expects them to grow in future. In FY16-17 we have observed a steady growth in Smart Finance loans which is expected to grow further. The Company also supports dealers to sell more value added products such as Toyota Genuine Accessories, First Year Insurance, Extended Warranty, etc. by bundling loan on these products along with car loan and offering customer convenience of purchase.

The Company financial products are offered by well-trained employees present at Toyota dealership, who assist customers to complete entire loan process faster and easier. Currently we complete loan processing within 8 hours and are looking to reduce the TAT further in future. The Company believes that faster and easier process is a key factor of quality of customer services, which enables the company to acquire and retain more customers successfully.

The Company is expanding its geographic coverage to deliver enhanced Toyota experience to broader base of customers. As of March 2017, the company is present at 172 outlets which accounts for 84.3% of overall Toyota sales in India. The company disbursed 31,836 contracts for Toyota new cars in FY16-17, which is 27.2% of Toyota sales in the coverage area. As of March 2017, the company maintains 84,733 live contracts in its new car auto loan portfolio. The Company also provides used car finance to customers willing to buy used cars through U Trust dealer outlets present in 82 locations PAN India. In FY16-17, the Company disbursed 992 cases of used car.

The Company also offers wholesale funding and term loan to Toyota dealers for supporting their finance requirements. In addition to loan facilities to purchase new car, used car and spare parts, the Company also finances dealers for infrastructure expansion. Currently the Company is providing dealer finance to 38 dealers and total book size is 9,900 million as of March 2017.

The Company also launched Lexus Financials Services in India in March 2017. Lexus Financial Services was launched in close alignment with the overall thinking way of Lexus India and with the objective of offering best-in-class product and services in addition to provide amazing experience to Lexus customers in India.

**Financial Performance:**

The Company continued to rapidly grow its asset size in FY16-17 due to increase in average ticket size and healthy penetration. The balance of loans and advances as of March 2017 was INR 62,071 million (previous year INR 41,455 million), increased by 50 % from the previous year.

The revenue from operation, of which main streams are interest income and fee income, was INR 6,007 million vis-à-vis INR 4,263 million in previous year, while finance cost was at 3,284 million vis-à-vis 2,355 million in previous year. Operational expenses (employee benefits, depreciation and amortization, and others) were at INR 1,536 million vis-à-vis INR 1,277 million in previous year, having increased along with expansion of business.

In FY16-17 the Profit Before Tax was at INR 756 million vis-à-vis a Profit Before Tax of INR 422 million in previous year, while the Profit After Tax was at INR 490 million vis-à-vis Profit After Tax of INR 473 million in previous year. Faster asset growth as well as improved Net Interest Income (Interest Revenue – Finance Cost) has mainly contributed to this improvement in profitability.

**Non-Performing Asset (NPA):**

As of March 2017, the company's gross NPA ratio vs. overall outstanding loan principal was 1.22% vis-à-vis 1.08% in previous year. After netting off with credit loss provisions, net NPA ratio was 0.64% vis-à-vis 0.43% in previous year.

The company regularly monitors repayment from delinquent customers and takes optimal approach to customers through call center or multiple field collection agencies tied up across India.

It tries to enhance its collection capability by expanding collection reach into rural area as well as smoothing loan recovery process.

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

**Borrowings:**

In FY16-17, the company further expanded its Debt Capital Market Borrowings through issue of Commercial Papers and Non-convertible Debentures, in order to support the growing business competitively and ensure funding stability through diversification of borrowing sources. Your company continues to maintain strong relationship with various banks to mitigate liquidity risk.

The Company's borrowing portfolio as of March 2017 consists of 67% by Non-convertible Debentures, 24% by Commercial Papers and 9% by bank loans. The company continues to maintain appropriate mix of long and short term borrowings for healthy asset liability position.

**Information Technology:**

Throughout FY16-17, the Company's IT systems remained stable supporting the increased volumes of business transactions effectively. Retail lending core systems were enhanced to support new products like 'Multi Year Insurance' and launch of Lexus. Further, systems readiness activities for Goods & Service Tax (GST) compliance and launch of Inventory Funding/Wholesale lending core system are underway.

Focus continued on sustaining Information Security compliance levels with secured access over mobile



devices strengthened. A framework to manage 3<sup>rd</sup> party vendor risk was established and all major IT vendors were assessed accordingly followed by remediation activities

Your company continued its exploration of emerging technologies, especially around Digital/Analytics and FinTech to understand technology driven innovations and disruptions. It would continue to leverage these emerging technologies to transform business processes for 'Best-in-class' customer experience, lean operations and manage risks.

#### **Human Resources:**

The Company continues its endeavor of building a capable and agile workforce to reach its business objectives. Towards realizing this vision, your company has been focusing on building a strong foundation based on the principles of 'Toyota Way' and Toyota Financial Services (TFS) values by encouraging a culture of Kaizen. A comprehensive training and development program has ensured an all-round development of our employees (>90% coverage) covering aspects of Toyota Best Practice (TBP), respective functional needs and behavioral / soft skill needs of the employees.

Your company employed a 402 strong workforce at the end of FY16-17, an incremental increase of 19% over the previous year. The average age of employees stood at 32.6 years with improving gender diversity - 11.9% of workforce are women. A total of 126 new members were welcomed into the Toyota family in the last year with attrition rates controlled at around 15%

Employees are our biggest Assets and having them motivated and engaged at the workplace is paramount to your company. For the first time since inception, an Employee Engagement survey was conducted (with the help of Willes Towers Watson) - employees have buoyed our confidence by giving a total favorable engagement score of 88% akin to high performing organization. Your company would continue to keep this focus with a keen eye for identifying areas for improvement and taking appropriate actions to ensure we sustain and improve employee's level of engagement.

Towards providing a work environment which is not only safe and harmonious but also enables employees to instill a sense of positivity, we have revamped and renovated the Delhi office and developed a crisis communication channel for internal communications during disasters. We also continue to review and improve HR policies based on feedback and industry best practices.

To give impetus in developing a high performance culture, we completed evaluation of all the unique roles. This activity shall ensure that the roles are appropriately positioned and we can leverage on the structural efficiencies to build an organization for the future.

#### **Risk Management:**

The company is exposed to customer's credit risk. Customer's delinquency is affected by overall economy condition, and recovery from resale of security asset is affected by used car market condition. The Company holds Risk Management Committee (RMC) every month, which deliberates on the credit risk of loan portfolio and also takes into account latest updates relating to the portfolio. Segmental analysis of the portfolio is also discussed in RMC. Segmental analysis helps in understanding the credit risk levels of various customer segments, thereby, representing a key input for portfolio expansion strategy. In order to control credit risk, RMC discusses and requests appropriate measures which enhance collection activities, ensure proper charge creation, or modify credit underwriting norms.

The company is also exposed to various types of operational risks, such as information leakage, IT system disruption, operational error, internal / external fraud, legal / regulatory non-compliance, physical damages to company assets, resignation of key personnel etc. Operational risk incidents and/or parameters are reported to top management in RMC every month. RMC members discuss possible risk mitigation and encourage relevant department to take necessary steps. Risk mitigating measures taken by the company includes building robust IT infrastructures including a separate recovery site, cross checking mechanism and system formulation in operation processes, internal audit, contingency action plan etc.

In order to manage interest rate risk and liquidity risk arising from cash flow mismatch between asset and liability, the Company holds Asset Liability Committee (ALCO) every month. It monitors development in economy and financial market, and risk metrics which shows asset and liability profile and risks therein. Funding plan and risk controlling countermeasures are also discussed there to control risk profile.

Thus, RMC along with ALCO represents 'Enterprise Risk Management Framework' for your company covering credit, market and operational risks.

**Internal Control:**

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

Appropriate internal Financial Controls are in place to ensure

- a) orderly and efficient conduct of business including adherence to policies;
- b) safeguarding of assets;
- c) prevention and detection of frauds and errors;
- d) accuracy and completeness of accounting records; and
- e) timely preparation of reliable financial information.

During the financial year, the company has identified need for more management focus on collection activities considering its importance and potential.

The company has formed an internal audit team consistent to its size in order to facilitate better monitoring and controls.

## **ANNEXURE - 2**

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

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

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Remuneration of Director</b>	<b>Ratio of remuneration of each director to median remuneration of employees</b>
1	Mr. Tomohei Matsushita (MD & CEO)	INR. 24,994,308	24,994,308:3,26,250
2	Mr. Raman Rengan ( Independent Director)	INR. 400,000	400,000: 3,26,250
3	Ms. Renu Rajani ( Independent Director)	INR. 400,000	400,000: 3,26,250

2. Percentage of increase in remuneration of each Director and CEO in the financial year: Percentage of increase in remuneration of Managing Director & CEO: Nil
3. Percentage increase in median remuneration of employees in the financial year: 5.18%
4. Number of permanent employees on the roll of Company: 400 employees.
5. Explanation on the relationship between average increase in remuneration and Company performance: The Company's compensation for its managerial personnel is for attracting and retaining the best talent as per industrial standards.
6. Comparison of The Remuneration
- a. Key managerial personnel against the performance of the Company:
- As a percentage of revenues for FY16-17: 0.85%
- As a percentage of profit for FY16-17: 10.52%.
- b. Each key managerial personnel against the performance of the Company:

<b>Name of the KMP</b>	<b>Remuneration for FY16-17</b>	<b>Ratio of remuneration to Revenue</b>
Mr. Tomohei Matsushita	INR. 24,994,308	24,994,308 : 6,013,584,474
Mr. Akihiko Sekiguchi	INR. 25,213,919	25,213,919 : 6,013,584,474
Ms. Pallavi K(Until August 29, 2016)	INR. 641,987	641,987 : 6,013,584,474
Ms. Reena Mary (With effect from August 30, 2016)	INR.687,896	687,896 : 6,013,584,474

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current Financial year and Previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies variations in the net worth of the company as the close of the current financial year and previous financial year:

Since the equity shares of the Company are not listed therefore the requirement for variations in

the market capitalization of the Company, price earnings ratio as at the closing date of the current financial and previous financial and percentage increase over decrease in the market quotations of the shares of the Company is not applicable.

Therefore, for the variation in the net worth of the Company is given below:

As on March 31, 2017	As on March 31, 2016	Variation
INR. 11,436,393,051	INR. 8,346,835,337	INR. 3,089,557,714

8. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not applicable
9. The key parameters for any variable component of remuneration availed by the Directors: Bonus is paid to executive director in Yen (Japan currency) based on the performance of the Company.
10. The remuneration is paid in accordance with Remuneration policy of the Company.

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

Sl. No	Name of the Employee	Designation	Educational qualification	Age (in years)	Experience (in years)	Date of Joining	Gross remuneration Paid Per annum (In million) INR	Previous employment and designation held
1	Mr. Tomohei Matsushita	MD & CEO	Bachelor degree (Business Administration)	51	29	1-Jan-16	24,994,308	Toyota Financial Services Corporation
2	Mr. Akihiko Sekiguchi	CFO & SVP - Corporate	Law degree	40	18	1-Jan-14	25,213,919	Toyota Financial Services Corporation
3*	Mr. Shogo Hayashi	SVP- Corporate	Post-Graduation	43	20	1-Mar-15	14,104,199	Toyota Financial Services Corporation

*\* Mr. Shogo Hayashi, former Senior Vice President – Corporate had resigned on December 29, 2016 due to completion of terms of service*

### **ANNEXURE-3**

#### **Form No. AOC-2**

#### **(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

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

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

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

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

<b>Name(s) of the related party and nature of relationship</b>	Toyota Financial Services Corporation, Japan (TFSC)	Toyota Kirloskar Motor Private Limited (TKM)	Toyota Leasing (THAILAND) Co. Ltd (TLT)
<b>Nature of contracts/ arrangements/ transactions</b>	Intragroup Services of Economic and Commercial Value	Intragroup Services of Economic and Commercial Value	Intragroup Services of Economic and Commercial Value.
<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	It is an agreement of economic value. The value of such transaction has been given in financials statement. Refer the same for more information.	It is an agreement of economic value. The value of such transaction has been given in financials statement. Refer the same for more information.	It is an agreement of economic value. The value of such transaction has been given in financials statement. Refer the same for more information.
<b>Date(s) of approval by the Board, if any-</b>	Feb 10 <sup>th</sup> , 2015	Feb 10 <sup>th</sup> , 2015	Aug 12 <sup>th</sup> , 2016
<b>Amount paid as advances, if any</b>	Nil	Nil	Nil

**ANNEXURE - 4****Form MGT 9**

EXTRACTS OF THE ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2017 AS PER CLAUSE A OF SUB SECTION 3 OF SECTION 134 OF THE COMPANIES ACT, 2013.

**I. Registration and Other Details:**

- i) **CIN:** U74900KA2011FLC058752
- ii) **Registration Date:** May 20, 2011
- iii) **Name of the Company:** Toyota Financial Services India Limited
- iv) **Category/Sub category of the Company:** Non-banking Financial Company
- v) **Address of the Registered Office and contact details:** No. 21 Centropolis, First Floor, 5th Cross, Langford Road, Shanti Nagar, Bangalore, Karnataka, PIN 560025.
- vi) **Whether listed Company:** YES/ ~~NO~~
- vii) **Name, Address and Contact details of Registrar or Transfer Agent if any :**  
None for Equity Shares. For Non-convertible Debentures: Karvy Computershare Pvt. Limited, Madhapur, Hyderabad.

**II. Principal Business Activities of the Company:**

The business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No	Name and Description of main products/ Services	NIC code of the product /Services	Percentage of contribution to total turnover (%)
1	Financing of Toyota Vehicles in India	6492 (As per NIC 2008 list)	100%

**III. Particulars of Holding, Subsidiary and Associate Companies:**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary or Associates	Percentage of share held	Applicable Section
1	Toyota Financial Services Corporation Nagoya Lucent Tower 15f-6-1 Ushijima Cho Nishiku Nagoya, Aichi, Japan	NA	Holding	99.999999%	2(46)

#### IV. Share holding Pattern (Equity share capital Breakup as percentage of Total Equity)

##### i) Category – wise share holding

Categories of share holders	No. of shares held at the beginning of the year				No. of shares held at the end of the year			% change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promotors</b>									
<b>1)Indian</b>									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-
<b>2)Foreign</b>									
NRI - Individuals	-	1	1	0.00%	-	1	1	0.00%	0.00%
Other Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp	-	701,355,304	701,355,304	100%	-	863,855,304	863,855,304	100%	23.16%
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A)</b>	-	701,355,305	701,355,305	100%	-	863,855,305	863,855,305	100%	23.17%
<b>B. Public share Holding</b>									
<b>1)Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	-	-	-	-	-	-	-	-	-
<b>2)Non-Institutions</b>									

Categories of share holders	No. of shares held at the beginning of the year				No. of shares held at the end of the year			% change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto INR 1 lakh	-	5	5	0%	-	5	5	0%	0%
ii) Individual shareholders holding nominal share capital in excess of INR 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	-	5	5	0%	-	5	5	0%	0%
<b>Total Public shareholding (B)</b>	-	5	5	0%	-	5	5	0%	0%
<b>C. Shares held by custodians for GDR's and ADR's</b>	-	-	-	-	-	-	-	-	-
<b>Grand total (A+B+C)</b>	-	701,355,310	701,355,310	100%	-	863,855,310	863,855,310	100%	23.17%

**ii) Shareholding of Promoters:**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Toyota Financial Services Corporation, Japan	701,355,304	100%	0%	863,855,304	100%	0%	23.177%



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

Promoters' Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
At the beginning of the year	701,355,304	100%	701,355,304	100%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	162,500,000	23.17%	162,500,000	23.17%
At the End of the year	863,855,304	100%	863,855,304	100%

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

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

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

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

a) **Mr. Tomohei Matsushita, Managing Director and CEO**

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

**b) Mr. Kazuki Ogura, Non-Executive Director:**

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

**c) Mr. Akitoshi Takemura, Non-Executive Director:**

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

**d) Mr. Akihiko Sekiguchi, CFO (KMP):**

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

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

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

## V. Indebtedness

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

Particulars	Secured Loans excluding deposits (Rs in Mn)	Unsecured Loans (Rs in Mn)	Deposits	Total Indebtedness (Rs in Mn)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	20,000	12,613	NIL	32,613
ii) Interest due but not paid	-	-		-
Interest accrued but not due	644	16		660
<b>Total (i+ii+iii)</b>	<b>20,644</b>	<b>12,629</b>	<b>NIL</b>	<b>33,273</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition				
- Reduction	13,296	3,309	NIL	16,605
	-	-		-
<b>Net Change</b>	<b>13,296</b>	<b>3,309</b>	<b>NIL</b>	<b>16,605</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	33,000	15,935	NIL	48,935
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	940	3		943
<b>Total (i+ii+iii)</b>	<b>33,940</b>	<b>15,938</b>	<b>NIL</b>	<b>49,878</b>

## VI. Remuneration of Directors And Key Managerial Personnel

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

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Mr. Tomohei Matsushita, Managing Director and CEO
<b>1</b>	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	24,994,308

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Mr. Tomohei Matsushita, Managing Director and CEO
2	Stock Option	
3	Sweat Equity	0
4	Commission - as % of profit - others, specify...	0
5	Others, please specify	0
	<b>Total (A)</b>	<b>24,994,308</b>

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

**B. Remuneration to other directors:**

**I. Non - Executive directors: NIL**

**II. Independent directors:**

Sl. No	Particulars of Remuneration	Independent Directors	
		Raman Rengan	Renu Rajani
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit - others, specify...	0	0
5	Others, please specify *Sitting fee	400,000	400,000
	<b>Total</b>	<b>400,000</b>	<b>400,000</b>

***\*Sitting fee of INR. 1,00,000 paid for 4 board meeting each attended by independent directors during 2016-17.***

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

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Mr. Akihiko Sekiguchi, CFO
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	25,213,919
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>25,213,919</b>

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Ms. Pallavi K, CS (Until August 29th, 2016)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	641,987
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>641,987</b>

Sl. No	Particulars of Remuneration	Particulars of Remuneration of Ms. Reena Mary, CS (w.e.f August 30th, 2016)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	687,986
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>687,986</b>

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

**Nil**

For Toyota Financial Services India Limited	For Toyota Financials Service India Limited
<b>SD/-</b>  <b>Tomohei Matsushita</b> <b>Managing Director</b> <b>DIN: 07335725</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>	<b>SD/-</b>  <b>Akito Tachibana</b> <b>Director</b> <b>DIN: 07411338</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>

## ANNEXURE-5

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FY16-17

1. Brief Outline of the Company's CSR Policy including projects overview or programmes proposed to be undertaken and a reference to the web link to CSR policy and projects and programmes: The Company wishes to contribute to sustainable development of society by undertaking various projects and programs which will enhance the quality of life and well-being of diverse people clusters in society. Guided by the Act and Toyota's basic philosophy regarding CSR, depending upon the area that needs utmost attention and support for the development of the society and for to meet dire needs of the society, the Company decide upon the kind of programmes,/ projects and/ or activities that can be undertaken by the Company for a particular tenure. Implementation of such programmes / 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 and built water purifying plants and also constructed toilets and urinals (detailed below). The Company also contributed certain portion of its CSR to Prime Minister's National Relief Fund. The CSR policy is in the Company's portal at <https://www.toyotafinance.co.in/corporate-governance>.
2. Composition of CSR committees: **Refer to the point 'Corporate Social Responsibility' of this report.**
3. Average net profit of the company for last three (3) financial years of the Company: **166,238,504**
4. Prescribed CSR Expenditure (two percent (2%) of the amount as in item 2 (above): **3,324,770**
5. Details of CSR spend for the financial year: 2016-17
  - a. Total amount to be spent for the financial year: **3,324,770**
  - b. Amount unspent, if any: NA
  - c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Activity	Sector in which the project is covered	Project or programs 1. Local Area 2. Specify the state and district where CSR project was under taken.	Amount outlay (budget) project or program wise.	Amount spent on CSR project subheads: 1. Direct Exp. 2. overheads	Cumulative expenditure up to the reporting period.	Amount spent : Direct or through implementing agency.
1.	Construction of community based drinking water treatment plant at Bangarpet	Rural area development	1, Bangarpet 2, Karnataka, Kolar Dist.	INR 990,425.00	INR 990,425.00 *	INR 990,425.00	Through implementing agency
2.	Construction of toilets and urinals at primary & Higher school, Byrapattana	Sanitation and Cleanliness	1, Byrapattana 2, Karnataka, Ramanagara Dist.	INR 657,165.11	INR 657,165.11 **	INR 657,165.11	Through implementing agency
3.	Contribution to the Prime Minister's National Relief Fund	Charity	Prime Minister's National Relief Fund	INR 1,680,000.00	INR 1,680,000.00	INR 1,680,000.00	Direct
	<b>Total</b>			<b>INR 3,327,590.00</b>	<b>INR 3,327,590.00</b>	<b>INR 3,327,590.00</b>	

\* Rs 693,297.50 is paid as advance and Rs 297,127.50 bills are submitted to Finance Department

\*\* Rs 164,291.30 paid as advance and Rs 492,873.81 bills are submitted to Finance Department

## ANNEXURE 6

Form No. MR-3

### SECRETARIAL AUDIT REPORT

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

**For The Financial Year Ended March 31, 2017**

To,

The Members,

**Toyota Financial Services India Limited,**

No. 21, Centropolis, 1<sup>st</sup> Floor, 5<sup>th</sup> Cross,

Langford Road, Shanti Nagar,

Bengaluru 560025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Toyota Financial Services India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate 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, 2017 (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. The Company has not made any Overseas Direct Investment and has no External Commercial Borrowings during the period under review.
- (v) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period);**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not Applicable to the Company during the Audit Period);**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during the Audit Period);**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable to the Company during the Audit Period);**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period);**
  - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vii) The Company has identified the following laws as specifically applicable to the Company:
- 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. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules.
  - f. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.
  - g. The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules.
  - h. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.
  - i. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.
  - j. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.
  - k. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.
  - l. The Maternity Benefit Act, 1961 & its Rules.
  - m. The Equal Remuneration Act, 1976.
  - n. The Apprentices Act, 1961 & its Rules.
  - o. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
  - p. The Workmen's Compensation Act, 1923
  - q. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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. Debt Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE).

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

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



We further report that:

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

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

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

We further report that based on the review of the legal compliance reports obtained from the concerned departments' heads regarding compliance with the applicable laws and its adherence, which were taken on record by the Board of Directors, 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.

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

For **V. SREEDHARAN & ASSOCIATES**

**Sd/-**

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

Bangalore

May 19, 2017

For Toyota Financial Services India Limited	For Toyota Financials Service India Limited
<b>SD/-</b>  <b>Tomohei Matsushita</b> <b>Managing Director</b> <b>DIN: 07335725</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>	<b>SD/-</b>  <b>Akito Tachibana</b> <b>Director</b> <b>DIN: 07411338</b> <b>Date: May 26, 2017</b> <b>Place: Bangalore</b>

## **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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, and the Cash Flow Statement 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company does not have any pending litigations as at March 31, 2017 which would impact its financial position.
    - ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts – Refer Note 6 and 10. There are no derivative contracts as at March 31, 2017.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in note 29 to the financial statements amounts aggregating to Rs. 640,500 as represented to us by the Management have been received from transactions which are not permitted.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

**SD/-**  
Sharad Vasant  
Partner  
Membership Number : 101119

Bangalore  
May 26, 2017

### ***Annexure A to Independent Auditors' Report***

Referred to in paragraph 10 (f) of 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, 2017

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Toyota Financial Services India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.

Bangalore  
May 26, 2017

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

**SD/-**  
Sharad Vasant  
Partner  
Membership Number :101119

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of 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, 2017

- 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) The Company does not own any immovable property as disclosed in Note 11 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company is a Non-Banking Financial Company registered with Reserve Bank of India and engaged in the business of financing. Also, the company has not made any investments, or provided any guarantee or security to the parties covered under section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. 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 to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (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, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, service tax, value added tax, cess 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, service-tax or value added tax which have not been deposited on account of any dispute.

- viii. 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 loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company .
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has made private placement of equity shares both during the year under review, and in the immediately preceding financial year, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an Asset Finance Company with effect from November 13, 2015.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

**SD/-**

Sharad Vasant  
Partner

Membership Number : 101119

Bangalore  
May 26, 2017



**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Balance Sheet as at March 31, 2017**

Particulars	Note	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	8,638,553,100	7,013,553,100
Reserves and Surplus	3	2,797,839,951	1,333,282,237
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	25,000,000,000	18,000,000,000
Other Long Term Liabilities	5	3,399,774	139,553
Long Term Provisions	6	510,345,469	366,289,355
<b>Current Liabilities</b>			
Short Term Borrowings	7	15,934,739,219	10,115,453,594
Trade Payables	8		
Total outstanding dues of micro enterprises and small enterprises		216,130	21,558
Total outstanding dues of creditors other than micro enterprises and small enterprises		762,062,376	208,293,257
Other Current Liabilities	9	9,008,190,663	5,262,072,046
Short Term Provisions	10	371,245,604	73,451,278
<b>TOTAL</b>		<b>63,026,592,286</b>	<b>42,372,555,978</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Property, Plant and Equipment	11	47,274,755	36,376,979
Intangible Assets	11	23,543,355	43,767,047
Capital work-in-progress		13,776,588	9,239,353
Deferred Tax Assets (net)	12	320,190,735	175,520,438
Long Term Loans and Advances	13	37,330,717,067	25,119,978,863
<b>Current Assets</b>			
Trade Receivables	14	126,948,500	176,723,880
Cash and Bank Balances	15	5,975,726	197,459,831
Short -Term Loans and Advances	16	24,819,977,806	16,400,504,307
Other Current Assets	17	338,187,754	212,985,280
<b>TOTAL</b>		<b>63,026,592,286</b>	<b>42,372,555,978</b>
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**

SD/-

**Sharad Vasant**

Partner  
Membership No.101119

Place: Bangalore  
May 26,2017

SD/-

**Tomohei Matsushita**

Managing Director &  
CEO  
DIN:07335725

Bangalore  
May 26,2017

SD/-

**Akihiko Sekiguchi**

Chief Financial Officer

Bangalore  
May 26,2017

SD/-

**Akito Tachibana**

Director  
DIN:07411338

Bangalore  
May 26,2017

SD/-

**Reena Mary**

Company Secretary  
ACS23518

Bangalore  
May 26,2017

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Statement of Profit and Loss for the Year Ended March 31, 2017**

Particulars	Note	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
I Revenue From Operations	19	6,006,937,669	4,262,726,458
II Other Income	20	6,646,806	23,674,461
<b>III Total Revenue ( I + II )</b>		<b>6,013,584,475</b>	<b>4,286,400,919</b>
<b>IV Expenses</b>			
Employee Benefits Expense	21	349,826,805	305,539,182
Finance Costs	22	3,283,965,554	2,355,127,998
Depreciation and amortisation expense	23	43,442,434	51,084,246
Other Expenses	24	1,143,000,611	920,014,684
Contingent Provision for Standard Assets, including future potential losses		343,815,500	57,962,000
Provisions for Non Performing Assets		93,571,654	174,632,346
<b>Total Expenses</b>		<b>5,257,622,558</b>	<b>3,864,360,456</b>
V Profit before Tax		755,961,917	422,040,463
VI Tax Expense			
(1) Current Tax		411,074,500	124,871,000
(2) Deferred Tax (credit)		(144,670,297)	(175,520,438)
VII Profit for the Year		<b>489,557,714</b>	<b>472,689,901</b>
VIII Profit per Equity Share of Rs. 10 each			
Basic and Diluted	27	0.61	0.76
Significant Accounting Policies	1		

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

This is the Statement of Profit and 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**

SD/-  
**Sharad Vasant**  
Partner  
Membership No.101119

Place: Bangalore  
May 26,2017

SD/-  
**Tomohei Matsushita**  
Managing Director &  
CEO  
DIN:07335725

Bangalore  
May 26,2017

SD/-  
**Akihiko Sekiguchi**  
Chief Financial Officer

Bangalore  
May 26,2017

SD/-  
**Akito Tachibana**  
Director

DIN:07411338

Bangalore  
May 26,2017

SD/-  
**Reena Mary**  
Company Secretary  
ACS23518

Bangalore  
May 26,2017

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Cash Flow Statement for the year ended March 31, 2017**

	<b>March 31, 2017</b> <b>(Rupees)</b>	<b>March 31, 2016</b> <b>(Rupees)</b>
<b>A. Cash flow from operating activities</b>		
Net Profit/ (loss) before taxation	755,961,917	422,040,463
Adjustments for :		
Depreciation / amortisation	43,442,434	51,084,246
Lease Equalisation Account	1,286,638	(4,263,357)
(Profit) / Loss on write off of Fixed Assets (net)	(27,810)	(65,309)
Provision against Non Performing Assets	93,571,654	174,632,346
Contingent Provision against Standard Assets	343,815,500	57,962,000
Bad Debts written off	102,201,894	-
Provision toward Gratuity	3,013,864	(987,476)
Provision towards Compensated Absences	1,449,422	2,313,842
<b>Operating profit/ (Loss) before working capital changes</b>	<b>1,344,715,513</b>	<b>702,716,755</b>
<b>changes in working capital :</b>		
Increase / (decrease) in Trade Payables	553,963,691	(96,433,422)
Increase / (decrease) in Other Current Liabilities	280,768,395	443,633,334
(Increase) / decrease in Trade Receivable	49,775,380	(130,384,428)
(Increase) / decrease in Short Term Loans and Advances	(8,417,487,851)	(6,589,699,022)
(Increase) / decrease in Long Term Loans and Advances	(12,312,940,098)	(8,258,924,493)
(Increase) / decrease in Other Current Assets	(125,202,474)	(79,804,088)
<b>Cash used in Operations</b>	<b>(18,626,407,444)</b>	<b>(14,008,895,364)</b>
Taxes paid (including tax deducted at source)	(445,736,342)	(57,151,983)
<b>Net Cash used in operating activities</b>	<b>(19,072,143,787)</b>	<b>(14,066,047,347)</b>
<b>B. Cash flow from Investing Activities</b>		
Investments in Fixed Deposits of original maturity of more than 3 months but less than 12 months	-	(160,000,000)
Proceeds from Fixed Deposits of original maturity of more than 3 months but less than 12 months	-	300,000,000
Purchase of tangible/intangible assets	(39,589,848)	(37,656,023)
Sale of tangible/intangible assets	963,905	79,022
<b>Net cash used in investing activities</b>	<b>(38,625,943)</b>	<b>102,422,999</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from issue of equity share capital (Inclusive of share premium)	2,600,000,000	1,699,999,995
Borrowings during the year - Debentures	15,000,000,000	13,000,000,000
Repayment of borrowings during the year - Debentures	(2,000,000,000)	-
Borrowings during the year - Commercial papers	21,739,061,102	17,353,899,643
Repayment of borrowings during the year - Commercial papers	(14,750,000,000)	(18,000,000,000)
Borrowings during the year - Bank Short/Long Term Loans	186,070,000,000	219,515,000,000
Repayment of borrowings during the year -Bank Short/Long Term Loans	(189,910,000,000)	(218,035,000,000)
Short Term (Over draft from Bank) Borrowings made/(repaid) (net)	170,224,522	(1,538,953,109)
<b>Net cash flow from financing activity</b>	<b>18,919,285,624</b>	<b>13,994,946,529</b>
<b>Net (Decrease) in Cash and cash equivalents (A)+(B)+(C)</b>	<b>(191,484,105)</b>	<b>31,322,181</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>197,459,831</b>	<b>166,137,650</b>
<b>Cash and cash equivalents, end of the year</b>	<b>5,975,726</b>	<b>197,459,831</b>
<b>Notes to the statement of cash flow :</b>		
1) Cash and cash equivalents comprise of:		
Cash on hand	198,836	8,853
Balances with banks		
In current accounts	5,776,890	37,450,978
Demand deposits (less than 3 months maturity)	-	160,000,000
<b>TOTAL</b>	<b>5,975,726</b>	<b>197,459,831</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**Cash Flow Statement for the year ended March 31, 2017**

**Notes to the statement of cash flow (cont'd) :**

- 2) The above statement of cash flow has been prepared under the indirect method set out in Accounting Standard 3 issued by The Institute of Chartered Accountants of India.
- 3) Figures in bracket indicate cash outflow.

The accompanying notes are an integral part of the financial statements.

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This is the Cash Flow Statement referred to in our report of even date.

**For Price Waterhouse**

Firm Registration No. 301112E  
Chartered Accountants

SD/-

**Sharad Vasant**

Partner

Membership No.101119

Place: Bangalore

May 26, 2017

**For and on behalf of the Board of Directors**

SD/-

**Tomohei Matsushita**

Managing Director &

CEO

DIN:07335725

Bangalore

May 26, 2017

SD/-

**Akito Tachibana**

Director

DIN:07411338

Bangalore

May 26, 2017

SD/-

**Akihiko Sekiguchi**

Chief Financial

Officer

Bangalore

May 26,2017

SD/-

**Reena Mary**

Company Secretary

ACS23518

Bangalore

May 26, 2017

## **TOYOTA FINANCIAL SERVICES INDIA LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

#### **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 Motors 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. During the year RBI has amended the certificate of registration and has classified the company as Non-Deposit taking Non-Banking Finance Company - Asset Finance Company with effect from November 13, 2015.

#### **1. 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. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the companies act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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 the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

##### **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 Property Plant and Equipment and Depreciation

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of Property, Plant and Equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of Property, Plant and Equipment 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.

An item of Property, Plant and Equipment is derecognised in disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets as considered below:

Asset	Economic life
Leasehold Improvements	Over the tenor of the underlying lease
Office Equipment's	5 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers (other than Servers and Networks)	3 years
Servers & Networks	6 years

### 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 of the assets.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortization rates used are:

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 dispatch/delivery advice from the dealer or manufacturer

### **1.6 Revenue recognition**

Interest on Standard loans is accrued on a daily 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 accrued as income remaining unrealised is reversed in the month in which the loan is classified as Non Performing.

Target linked incentive income is recognised during the period in which targets are achieved and realisation of revenue is considered reasonable.

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

Bounce charges, penal 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.

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

### **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 for on a time proportion basis taking into account amount outstanding and rate applicable.

### **1.9 Commercial Paper**

The difference between the redemption value and acquisition cost of Commercial Paper is amortised over the tenure of the instrument. The liability as at the Balance sheet date in respect of such instruments is recognised at face value net of unamortised discount.

### **1.10 Impairment of Loans**

Provision for Standard Assets is made at a rate higher than prescribed by Reserve Bank of India on the outstanding amount of standard assets and is disclosed under provisions.

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.

#### **1.11 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.

#### **1.12 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.

#### **1.13 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.

#### **1.14 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.

#### **1.15 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, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that they will be realised against future taxable profits.

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.

#### **1.16 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.

#### **1.17 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.

#### **1.18 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.

#### **1.19 Impairment of Assets**

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.

#### **1.20 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of

the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocated corporate expenses/income”.

#### **1.21 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 before any dividend is declared every year, and is disclosed in the Reserves and surplus.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (continued)**
**2) Share Capital**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Authorised:</b>		
863,855,310 ( March 31, 2016: 740,000,000) Equity Shares of Rs.10 each	8,638,553,100	7,400,000,000
	<b>8,638,553,100</b>	<b>7,400,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
863,855,310 ( March 31, 2016: 701,355,310) Equity Shares of Rs.10 each	8,638,553,100	7,013,553,100
	<b>8,638,553,100</b>	<b>7,013,553,100</b>

**(a) Reconciliation of number of shares**

Particulars	March 31, 2017		March 31, 2016	
	No of shares	Rupees	No of shares	Rupees
<b>Balance at the beginning of the year</b>				
Equity Shares	701,355,310	7,013,553,100	588,021,977	5,880,219,770
<b>Add: Shares Issued during the year</b>				
Equity Shares	162,500,000	1,625,000,000	113,333,333	1,133,333,330
<b>Balance at the end of the year</b>				
Equity Shares	863,855,310	8,638,553,100	701,355,310	7,013,553,100

During the year 1,625,00,000 equity shares of Rs 10 each have been allotted for cash at a premium of Rs. 6 each on August 19, 2016 pursuant to a resolution of shareholders passed at General Meeting dated August 12, 2016.

**(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, 2017 (Rupees)	March 31, 2016 (Rupees)
863,855,310 (March 31, 2016: 701,355,310) equity shares held by Toyota Financial Services Corporation, Japan and its nominees.	8,638,553,100	7,013,553,100

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

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Equity Shares:</b>		
Toyota Financial Services Corporation, Japan, a subsidiary, ultimately held by Toyota Motor Corporation, Japan	863,855,310	701,355,310
Percentage holding	(100%)	(100%)

**3) Reserves and Surplus**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Securities Premium</b>		
Balance at the beginning of the year	1,686,446,881	1,119,780,216
Add : Securities premium on equity shares issued during the year	975,000,000	566,666,665
Balance at the end of the year	<b>2,661,446,881</b>	<b>1,686,446,881</b>
<b>Special Reserve under sec 45-IC of RBI Act, 1934</b>		
Balance at the beginning of the year	94,537,980	-
Transferred from Surplus/(Deficit) in Statement of Profit and Loss during the year	97,911,543	94,537,980
Balance at the end of the year	<b>192,449,523</b>	<b>94,537,980</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	(447,702,624)	(825,854,545)
Profit/(Loss) for the year	489,557,714	472,689,901
Less: Transfer to Special Reserve under sec 45-IC of RBI Act, 1934	(97,911,543)	(94,537,980)
Balance at the end of the year	<b>(56,056,453)</b>	<b>(447,702,624)</b>
	<b>2,797,839,951</b>	<b>1,333,282,237</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (continued)**
**4) Long Term Borrowings**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Secured</b>		
Redeemable Non-Convertible Debentures	33,000,000,000	20,000,000,000
Less: Current maturities of Redeemable Non-Convertible Debentures	(8,000,000,000)	(2,000,000,000)
	<b>25,000,000,000</b>	<b>18,000,000,000</b>
<b>Unsecured</b>		
Term Loans from Banks	-	2,500,000,000
Less: Current maturities of Term Loans from Banks	-	(2,500,000,000)
	<b>25,000,000,000</b>	<b>18,000,000,000</b>

**Schedule of Privately Placed Redeemable Non-Convertible Debentures**

No. of Debentures*	Series Name	Face Value (Rs)	Balance as at		Issue Month	Maturity Month	Annual Coupon rate
			March 31, 2017 (Rupees)	March 31, 2016 (Rupees)			
3,000	Series 12	1,000,000	3,000,000,000	-	October 2016	April 2020	7.67%
2,000	Series 14	1,000,000	2,000,000,000	-	March 2017	March 2020	7.62%
3,000	Series 13 #	1,000,000	3,000,000,000	-	February 2017	February 2020	7.27%
2,000	Series 7 Option 2	1,000,000	2,000,000,000	2,000,000,000	December 2015	December 2019	8.45%
2,000	Series 11	1,000,000	2,000,000,000	-	October 2016	October 2019	7.51%
2,000	Series 10 Option 2 #	1,000,000	2,000,000,000	-	July 2016	July 2019	7.93%
2,000	Series 9	1,000,000	2,000,000,000	-	June 2016	June 2019	8.58%
2,000	Series 7 Option 1	1,000,000	2,000,000,000	2,000,000,000	December 2015	December 2018	8.35%
2,000	Series 6 #	1,000,000	2,000,000,000	2,000,000,000	September 2015	September 2018	8.13%
2,000	Series 5	1,000,000	2,000,000,000	2,000,000,000	August 2015	August 2018	8.53%
3,000	Series 4	1,000,000	3,000,000,000	3,000,000,000	June 2015	June 2018	8.54%
2,000**	Series 3	1,000,000	2,000,000,000	2,000,000,000	March 2015	March 2018	8.40%
2,000**	Series 8	1,000,000	2,000,000,000	2,000,000,000	February 2016	January 2018	8.20%
2,000**	Series 2	1,000,000	2,000,000,000	2,000,000,000	November 2014	November 2017	8.70%
1,000**	Series 1 Option 2	1,000,000	1,000,000,000	1,000,000,000	September 2014	September 2017	9.55%
1,000**	Series 10 Option 1	1,000,000	1,000,000,000	-	July 2016	August 2017	7.82%
2,000	Series 1 Option 1	1,000,000	-	2,000,000,000	September 2014	September 2016	9.45%
<b>Total</b>			<b>33,000,000,000</b>	<b>20,000,000,000</b>			

\* The Company has issued secured, redeemable, non-convertible debentures on private placement basis, listed on the wholesale debt market of National Stock Exchange (NSE). These Debentures are secured through first ranking exclusive charge by way of hypothecation over the loan receivables.

\*\* Current maturities of Redeemable Non-Convertible Debentures disclosed on Note 9.

# The interest for these NCDs are payable half yearly, however for the rest of the NCDs, the interest is payable on an annual basis

**Schedule of Term Loan**

Unsecured loans from banks with bullet repayment on various maturity dates

Month of maturity	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
January 2017*	-	500,000,000
October 2016*	-	1,500,000,000
May 2016*	-	250,000,000
April 2016*	-	250,000,000
	<b>-</b>	<b>2,500,000,000</b>

\*Current maturities of Term Loans from Banks (Refer Note 9)

Interest rates range Nil (March 31, 2016: 9.55% p.a. to 9.75% p.a) for the borrowings outstanding as at March 31, 2017.

**5) Other Long Term Liabilities**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Rent equalisation reserve	3,399,774	139,553
	<b>3,399,774</b>	<b>139,553</b>

**6) Long Term Provisions**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Provision for Standard Assets	146,263,660	98,793,064
Provision for Non Performing Assets	360,781,000	267,209,346
Provision for Employee Benefits		
- Gratuity (Refer Note 21)	3,300,809	286,945
	<b>510,345,469</b>	<b>366,289,355</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (continued)**
**7) Short Term Borrowings**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Unsecured</b>		
- Term Loans from Banks	3,590,000,000	4,930,000,000
- Bank Overdraft repayable on demand	709,387,338	539,162,816
- Commercial Paper # [Maximum balance outstanding during the year (face value) Rs 13,500,000,000 (Previous Year: Rs.9,250,000,000 ) (Net of unamortised discount of Rs. 364,648,117) ( Previous Year: Rs.103,709,222)]	11,635,351,881	4,646,290,778
	<b>15,934,739,219</b>	<b>10,115,453,594</b>

**Commercial Paper #**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Commercial Paper -Face Value	12,000,000,000	4,750,000,000
Less: Unamortised discount	364,648,119	103,709,222
	<b>11,635,351,881</b>	<b>4,646,290,778</b>

**Schedule of Term Loan**

Unsecured loans from banks with bullet repayment on various maturity dates

Month of maturity	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
April 2017	1,000,000,000	-
April 2017	540,000,000	-
April 2017	1,340,000,000	-
April 2017	250,000,000	-
April 2017	160,000,000	-
April 2017	300,000,000	-
December 2016	-	1,000,000,000
May 2016	-	510,000,000
May 2016	-	490,000,000
April 2016	-	570,000,000
April 2016	-	1,860,000,000
April 2016	-	500,000,000
	<b>3,590,000,000</b>	<b>4,930,000,000</b>

Interest rates range from 7.25% p.a. to 8.15% p.a. (March 31, 2016: 8.20% p.a. to 9.85% p.a.) for the Term Loans outstanding as at March 31, 2017.

**Schedule of Bank Overdraft**

Tenure	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Repayable on demand	709,387,338	539,162,816

Interest rates on bank overdraft is as determined by the Bank based on Marginal Cost of Lending Rates and appropriate spread from time to time. The

Interest rates range from 8.10% p.a. to 8.95% p.a. (March 31, 2016: 9.10% p.a. to 9.50 % p.a.) for the overdraft outstanding as at March 31, 2017

**Schedule of Commercial Papers**

Tenure	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
January 2018	937,825,366	-
December 2017	950,694,872	-
December 2017	950,601,992	-
October 2017	482,072,615	-
October 2017	963,367,532	-
October 2017	480,190,271	-
September 2017	965,918,218	-
July 2017	979,766,377	-
July 2017	489,241,293	-
July 2017	489,375,886	-
Jun 2017	984,997,028	-
Jun 2017	983,319,421	-
May 2017	989,780,247	-
May 2017	988,200,763	-
October 2016	-	477,957,540
September 2016	-	482,827,970
August 2016	-	727,201,402
July 2016	-	487,707,726
Jun 2016	-	490,123,826
May 2016	-	986,986,086
April 2016	-	993,486,228
	<b>11,635,351,881</b>	<b>4,646,290,778</b>

Discounting rate is (range between 6.85% to 8.40% (March 31, 2016: 7.40% to 8.65%)) market driven at the time of the issuance of such papers.

**8) Trade Payables**

Particulars		March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Trade Payable			
- Total outstanding dues of micro and small enterprises (Refer note below)	(A)	216,130	21,558
- Total outstanding dues of creditors other than micro and small enterprises			
(i) Acceptances		-	-
(ii) Others		345,436,278	189,166,377
(iii) Payable to Dealers		416,626,098	19,126,880
	(B)	762,062,376	208,293,257
	(A+B)	<b>762,278,506</b>	<b>208,314,815</b>

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, 2017 (Rupees)	March 31, 2016 (Rupees)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	216,130	21,558
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	47,715	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	8,837	47,715
Further interest remaining due and payable for earlier years	659	659

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.

**9) Other Current Liabilities**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Current maturities of Redeemable Non-Convertible Debentures (Refer Note 4)	8,000,000,000	2,000,000,000
Current maturities of Term Loans from Banks (Refer Note 4)	-	2,500,000,000
Interest accrued but not due on borrowings	943,352,064	659,304,875
Employee benefits payable	39,442,304	28,951,734
Statutory dues including provident fund and tax deducted at source	25,396,295	39,165,659
Provision for Income Tax [Net of advance Tax and Tax Deducted at Source Rs.547,371,891 (Previous year: Rs.95,301,806 )]	-	32,676,194
Rent equalisation reserve	-	1,973,584
	<b>9,008,190,663</b>	<b>5,262,072,046</b>

There are no amount due for payment to the Investors Education and Protection Fund under section 125 of the Companies Act 2013 as at the year end.

**10) Short Term Provisions**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Provision for Employee Benefits		
- Provision for Compensated absences	9,546,264	8,096,842
Provision for Standard Assets (including future potential losses)	361,699,340	65,354,436
	<b>371,245,604</b>	<b>73,451,278</b>

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2017 (Continued)

11) Fixed Assets

Particulars	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As on April 01, 2016	Additions during the year	Disposals during the year	As on March 31, 2017	As on April 01, 2016	For the year	Disposals for the year	As on March 31, 2017	As on March 31, 2017
<b>Property, Plant and Equipment</b>									
Computers (other than Servers and Networks)	29,432,387	9,457,463	59,118	38,830,732	21,136,115	6,898,671	42,171	27,992,615	10,838,117
Computers -Servers and Networks	9,804,327	1,316,135		11,120,462	4,264,223	28,542	-	4,292,765	6,827,697
Office Equipments	9,527,927	3,632,516	890,171	12,270,272	4,230,505	2,255,878	756,037	5,730,346	6,539,926
Furniture and Fixtures	19,235,347	3,643,435	707,745	22,171,037	10,279,351	1,704,857	516,400	11,467,808	10,703,229
Leasehold Improvements	62,925,987	9,522,520	3,035,225	69,413,282	59,865,574	3,642,825	2,767,411	60,740,988	8,672,294
Vehicles	12,138,034		1,320,511	10,817,523	6,911,262	1,207,425	994,656	7,124,031	3,693,492
<b>Total (A)</b>	<b>143,064,009</b>	<b>27,572,069</b>	<b>6,012,770</b>	<b>164,623,308</b>	<b>106,687,030</b>	<b>15,738,198</b>	<b>5,076,675</b>	<b>117,348,553</b>	<b>47,274,755</b>
<b>Intangible Assets</b>									
Computer Software	119,509,837	7,480,544		126,990,381	75,742,790	27,704,236	-	103,447,026	23,543,355
<b>Total (B)</b>	<b>119,509,837</b>	<b>7,480,544</b>	<b>-</b>	<b>126,990,381</b>	<b>75,742,790</b>	<b>27,704,236</b>	<b>-</b>	<b>103,447,026</b>	<b>23,543,355</b>
<b>Total Fixed Assets (A+B)</b>	<b>262,573,846</b>	<b>35,052,613</b>	<b>6,012,770</b>	<b>291,613,689</b>	<b>182,429,820</b>	<b>43,442,434</b>	<b>5,076,675</b>	<b>220,795,579</b>	<b>70,818,110</b>

Previous Year

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
	As on April 01, 2015	Additions during the year	Disposals during the year	As on March 31, 2016	As on April 01, 2015	For the year	Disposals for the year	As on March 31, 2016	As on March 31, 2016
<b>Property, Plant and Equipment</b>									
Computers (other than Servers & Networks)	24,019,298	5,413,089	-	29,432,387	15,075,577	6,060,538	-	21,136,115	8,296,272
Computers -Servers & Networks	4,852,282	4,952,045	-	9,804,327	3,326,059	938,164	-	4,264,223	5,540,104
Office Equipments	4,718,502	4,836,447	27,022	9,527,927	2,517,854	1,727,853	15,202	4,230,505	5,297,422
Furniture and Fixtures	16,162,640	3,072,707	-	19,235,347	8,883,169	1,396,182	-	10,279,351	8,955,997
Leasehold Improvements	61,164,648	1,813,339	52,000	62,925,987	45,162,919	14,752,762	50,107	59,865,574	3,060,413
Vehicles	12,138,034	-	-	12,138,034	5,693,654	1,217,608	-	6,911,262	5,226,772
<b>Total (A)</b>	<b>123,055,404</b>	<b>20,087,627</b>	<b>79,022</b>	<b>143,064,009</b>	<b>80,659,232</b>	<b>26,093,107</b>	<b>65,309</b>	<b>106,687,030</b>	<b>36,376,979</b>
<b>Intangible Assets</b>									
Computer Software	100,317,355	19,192,482	-	119,509,837	50,751,651	24,991,139	-	75,742,790	43,767,047
<b>Total (B)</b>	<b>100,317,355</b>	<b>19,192,482</b>	<b>-</b>	<b>119,509,837</b>	<b>50,751,651</b>	<b>24,991,139</b>	<b>-</b>	<b>75,742,790</b>	<b>43,767,047</b>
<b>Total Fixed Assets (A+B)</b>	<b>223,372,759</b>	<b>39,280,109</b>	<b>79,022</b>	<b>262,573,846</b>	<b>131,410,883</b>	<b>51,084,246</b>	<b>65,309</b>	<b>182,429,820</b>	<b>80,144,026</b>



**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**12) Deferred Tax Asset (Net)**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Deferred Tax Liabilities</b>		
- On Preliminary Expenses	-	2,769
	-	<b>2,769</b>
<b>Deferred Tax Assets</b>		
- On Depreciation	10,061,427	5,063,004
- On Provision for compensated absences	3,303,771	2,802,699
- On Contingent provision for standard assets	175,795,835	56,819,198
- On Provision for Non Performing Assets	103,225,381	92,493,767
- On Diminution in value of re-possessed assets	7,997,031	5,486,433
- On Unrealised interest on Non Performing Assets	18,630,696	9,791,887
- On Provision against doubtful advances	-	2,334,763
- On Rent equalisation disallowance	1,176,594	731,456
	<b>320,190,735</b>	<b>175,523,207</b>
<b>Net Deferred Tax Assets</b>	<b>320,190,735</b>	175,520,438

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws. During the current year, based on reasonable certainty of realisability of future taxable profits, Deferred tax Assets (net) Rs. 320,190,735 (Previous Year: Rs.175,520,438) has been recognised and disclosed in Financial Statement.

**13) Long Term Loans and Advances**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Loans</b>		
<b>Secured , Considered good</b>		
Vehicle Finance and other Finance *	36,540,282,718	24,670,607,410
<b>Secured , Considered doubtful</b>		
Vehicle Finance *	755,457,498	445,976,303
<b>Advances recoverable in cash or in kind or for value to be received (Unsecured)</b>		
Considered good	-	70,000
Considered doubtful	-	6,745,000
( Less): Provision for doubtful advances	-	(6,745,000)
	-	70,000
Security Deposits (considered good)	34,545,540	3,007,540
<b>Other Loans and Advances (Unsecured, Considered good)</b>		
Prepaid expenses	431,311	317,610
	<b>37,330,717,067</b>	<b>25,119,978,863</b>

\* Secured by hypothecation of vehicles, and/or, equitable mortgage of immovable property, and/or, charge over current assets, and/or, undertaking to create a security.

**14) Trade Receivables**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Unsecured, Considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	126,948,500	176,723,880
(Refer note 30)		
	<b>126,948,500</b>	<b>176,723,880</b>

**15) Cash and Bank balances**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Cash and Cash Equivalents</b>		
Cash on Hand	198,836	8,853
Bank Balance in		
-Current Account	5,776,890	37,450,978
-Fixed Deposits (with maturity less than 3 months)	-	160,000,000
	<b>5,975,726</b>	<b>197,459,831</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**16) Short -Term Loans and Advances**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Loans</b>		
<b>Secured , Considered good</b>		
Vehicle Finance and Other Finance *	24,266,650,380	16,038,608,899
<b>Unsecured , Considered good</b>		
Vehicle Finance	508,495,000	300,000,000
<b>Other Loans and Advances (Unsecured considered good)</b>		
Advances recoverable in cash or in kind for the value to be received	12,995,938	5,697,345
Security Deposits	1,100,000	32,416,016
Advance Tax and Tax Deducted at Source ((Net of Provision of Rs.545,552,500 (Previous year: Rs.127,978,000 ) )	1,985,648	-
Prepaid expenses	23,907,025	16,204,157
Others	4,843,815	7,577,890
	<b>24,819,977,806</b>	<b>16,400,504,307</b>

\* Secured by hypothecation of vehicles, and/or, equitable mortgage of immovable property, and/or, charge over current assets, and/or, undertaking to create a security.

**17) Other Current Assets**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<b>Unsecured, considered good</b>		
Interest Accrued Not Due-Fixed Deposits	-	4,695,840
Interest Accrued Not Due- Vehicle Finance	269,394,660	184,592,722
Repossessed automobile assets	68,793,094	23,696,718
	<b>338,187,754</b>	<b>212,985,280</b>

**18) Capital and other Commitments**

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Loans sanctioned but not disbursed (awaiting completion of documentation formalities by borrower)	173,349,222	104,144,970
Undrawn credit limits/Sanction amount by dealers relating to vehicle finance	2,210,910,081	1,067,718,661
	<b>2,384,259,303</b>	<b>1,171,863,631</b>

**19) Revenue From Operations**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Interest On Loans - Vehicle Finance and Term Loans	5,533,982,229	3,763,211,274
Subvention Income	80,334,884	43,047,641
<u>Other Financial Services</u>		
Loan Processing Fees	89,518,774	72,846,104
Documentation charges	9,907,267	8,699,267
Incentive Fee	110,390,000	302,532,000
Foreclosure Charges	78,476,800	43,852,385
Other Operating Income	104,327,715	28,537,787
	<b>6,006,937,669</b>	<b>4,262,726,458</b>

**20) Other Income**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Interest on Fixed Deposits	4,823,229	23,572,030
Dividend Income	1,219,069	-
Miscellaneous Income	604,508	102,431
	<b>6,646,806</b>	<b>23,674,461</b>

**21) Employee Benefits Expenses**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Salaries, Bonus and Allowances	321,576,705	272,567,043
Contribution to Provident Fund and Other Funds [Refer Note (a) below]	14,137,782	18,165,311
Gratuity [Refer Note (b) below]	3,300,809	1,948,246
Staff Welfare	10,811,509	12,858,582
	<b>349,826,805</b>	<b>305,539,182</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**(a) Defined Contribution Plan**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Amount recognised in the Statement of Profit and Loss		
i) Provident fund paid to the authorities	7,420,675	8,336,318
ii) Pension fund paid to the authorities	5,396,346	8,368,867
iii) EDLI & others	1,320,761	1,460,126
	<b>14,137,782</b>	<b>18,165,311</b>

**(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 funded. Gratuity Fund is administered through Trustees and/ or 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.

Description of Benefit Plans	Funded Gratuity	
	March 31, 2017	March 31, 2016
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	10,139,296	7,572,068
Current service cost	3,301,610	2,651,007
Interest cost	1,074,565	811,661
Benefits paid	(305,232)	-
Actuarial (gain) / loss on obligations	(286,378)	(895,440)
<b>Closing Balance: Present value of obligation</b>	<b>13,923,861</b>	<b>10,139,296</b>
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	9,852,351	6,297,647
Expected return on plan assets	860,807	582,732
Contributions made	286,945	2,935,722
Benefits paid	(305,232)	-
Actuarial gain / (loss) on plan assets	(71,819)	36,250
<b>Closing Balance: Fair value of plan assets</b>	<b>10,623,052</b>	<b>9,852,351</b>
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet		
Closing Balance: Present value of obligation	13,923,861	10,139,296
Closing Balance: Fair value of plan assets	10,623,052	9,852,351
Unrecognised past service cost	-	-
<b>Net Asset / (Liability) recognised in Balance Sheet</b>	<b>(3,300,809)</b>	<b>(286,945)</b>
Recognised under:		
Long Term Provision (Refer Note 6)	(3,300,809)	(286,945)
<b>Total</b>	<b>(3,300,809)</b>	<b>(286,945)</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**

Description of Benefit Plans	Funded Gratuity	
	31-Mar-17	31-Mar-16
D) Expenses recognised in the Statement of Profit and Loss		
Current service cost	3,301,610	2,651,007
Interest cost	1,074,565	811,661
Expected return on plan assets	(860,807)	(582,732)
Net actuarial (gain) / loss recognized	(214,559)	(931,690)
<b>Total Expenses</b> <b>(included under Employee benefits in Note 21 )</b>	<b>3,300,809</b>	<b>1,948,246</b>
F) Actuarial assumptions		
Discount rate	7.25%	8.05%
Expected rate of return on plan assets	7.50%	8.00%
Rate of increase in compensation levels	9.00%	9.00%
<b>Attrition rate</b>		
- Age (Years)		
21-30	15.17%	10.00%
31-40	15.17%	5.00%
41-59	15.17%	3.00%

Description of Benefit Plans	Funded Gratuity	
	31-Mar-17	31-Mar-16
Mortality rate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 years	60 years
G) Major category of Plan assets		
Insurer Managed Funds	100.00%	100.00%

H) Amount for the current and previous four years are as follows:

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligation	13,923,861	10,139,296	7,572,068	4,582,272	2,789,089
Plan Assets	10,623,052	9,852,351	6,297,647	4,809,983	1,360,741
Surplus / (deficit)	(3,300,809)	(286,945)	(1,274,421)	227,771	(1,428,348)
Experience adjustments on plan liabilities	(891,467)	(751,022)	(608,737)	(193,545)	(538,064)
Experience adjustments on plan assets	(71,819)	36,250	(5,068)	114,351	51,367

I) Expected contribution to the funds next year

Particulars	31-Mar-17	31-Mar-16
Gratuity Fund	3,300,000	2,000,000

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

**22) Finance Cost**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
<b>Interest:</b>		
- Term Loan	470,179,304	619,910,473
- Bank Overdraft	17,247,365	19,343,129
- On delayed payment of statutory and other dues	6,965,489	3,099,544
- on Non Convertible Debenture	2,092,285,794	1,119,527,709
<b>Other Finance Cost:</b>		
- Discounting charge on Commercial Paper	697,287,602	593,247,143
	<b>3,283,965,554</b>	<b>2,355,127,998</b>

**23) Depreciation and Amortisation Expense**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Depreciation on Property, Plant and Equipment	15,738,198	26,093,107
Amortisation of Intangible Assets	27,704,236	24,991,139
	<b>43,442,434</b>	<b>51,084,246</b>

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**24) Other Expenses**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Rent (Refer note 26)	57,412,224	42,263,195
Electricity	4,302,605	3,365,811
Repairs and Maintenance - others	10,525,625	7,807,381
Insurance	201,092	661,139
Rates & Taxes #	11,610,203	4,076,495
Travelling	22,557,069	25,582,590
Auditor's Remuneration		
- Statutory Auditor	6,000,000	6,200,000
- Tax Audit	200,000	200,000
- Other Services	1,800,000	2,200,000
- Reimbursement of expenses	1,055,133	800,360
Professional and consultancy	77,324,648	82,259,821
Director Sitting Fee	862,000	1,072,000
Recruitment Expenses	6,332,260	7,190,516
Printing and Stationery	8,751,723	7,472,773
Communication	20,638,240	12,248,558
Information Technology services	54,983,726	45,469,718
IT Stationary & Software	12,772,134	11,892,743
Collection Charges	96,701,722	56,240,175
Marketing	52,887,044	6,501,027
Advertisement	97,836	218,463
Postage and Courier	7,844,930	5,649,057
Entertainment	1,424,919	2,484,797
Commission to Dealers	481,352,335	523,828,385
Stamp Duty Charges	7,228,872	1,833,938
Conference	7,973,873	6,652,652
Expenditure towards Corporate Social Responsibility (CSR) activities*	3,324,770	-
Loss on Sale of Repossessed Vehicles	18,515,997	5,990,284
Bad Debts written off	102,201,894	-
Loss on account of asset discarded and/or written off	480,820	-
Diminution in value of re-possessed assets	7,257,463	12,396,000
Commercial papers, Debenture issue and other Finance expenses	47,438,470	32,438,598
Miscellaneous	10,940,984	5,018,208
	<b>1,143,000,611</b>	<b>920,014,684</b>

# includes an amount of Rs. 3,839,000 (previous year Rs. 1,700,000) as stamp duty and ROC charges of Rs. 1,200 (previous year Rs. 600) to increase in paid up equity share capital.

\*Expenditure towards Corporate Social Responsibility (CSR) activities

Gross Amount required to be spent by the company during the year - Rs. 3,324,770

Amount spent during the year on

Particulars	Paid prior to the year end	Yet to be paid in cash	Total
1. Construction/acquisition of any asset	-	1,644,770	1,644,770
2. On purpose other than above - Contribution to Prime Minister's National Relief Fund	1,680,000	-	1,680,000

**25) Expenditure in foreign currency**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Professional fees	2,582,336	367,829
Salaries, Bonus and Allowances	22,691,545	-
Staff Welfare	603,461	1,169,204
Relocation	-	268,626
Training	98,926	475,018
Information Technology	115,981	113,118
	<b>26,092,249</b>	<b>2,393,795</b>

The details of unhedged foreign currency exposure as at the year end are as follows

Particulars	Foreign Currency	Year end	Indian Rupees equivalent	Amount in Foreign Currency
Payable	JPY	31-Mar-17	26,224,821	34,960,571
		31-Mar-16	-	-
	USD	31-Mar-17	282,236	4,191
		31-Mar-16	190,342	2,869
	THB	31-Mar-17	1,010,121	504,993
		31-Mar-16	-	-

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**26) 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. 33,962,140 (Previous Year: Rs. 33,290,156) in respect of these leases.

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(a) Lease payments recognised in the Statement of Profit and Loss during the year	57,412,224	42,263,195
(b) With respect to non-cancellable operating leases, the future minimum lease		
- Not later than one year	46,471,034	17,873,563
- Later than one year but not later than 5 years	162,698,405	3,611,553
- Later than five years	-	-

**27) Earning Per Share**

Particulars		April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Profit/(Loss) after Tax	A	489,557,714	472,689,901
<u>Number of Equity Shares:</u>			
Number of shares at the beginning of the year		701,355,310	588,021,977
Equity shares allotted on Aug 19, 2016 (Previous Year: Dec 17, 2015)		162,500,000	113,333,333
Weighted average number of equity shares outstanding	B	801,081,337	620,535,638
Basic and Diluted Earnings Per Share	A/B	0.61	0.76
Face value per share (Rs.)		10	10

**28) Segment Reporting**

In accordance with Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is engaged primarily in the business of vehicle financing and accordingly there are no separate reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability and total cost incurred to acquire segment assets, is as reflected in the Financial Statements as of and for the year ended March 31, 2017. There is no distinguishable component of the Company engaged in providing services in a different economic environment. The Company renders services in one geographical segment and has no offices outside India. Hence there are no reportable geographical segments.

**29) Disclosures relating to Specified Bank Notes\*(SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016**

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	9,366,500	10,162	9,376,662
(+) Permitted receipts	-	41,207,950	41,207,950
(+) Non-Permitted receipts/others	640,500	-	640,500
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks #	10,007,000	38,068,678	48,075,678
Closing cash in hand as on 30 December 2016	-	3,149,434	3,149,434

\*Specified Bank (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016

# NBFCs rely on third party collection agencies for the collections from customers. During the period from November 9, 2016 to December 30, 2016, collection agencies had deposited Specified Bank Notes of Rs. 640,500 in Company's Bank accounts.

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**30) Related Party Disclosures in accordance with Accounting Standard 18**

a) Names of related parties and nature of relationship:

Nature of relationship	Names of related parties
(i) Ultimate Holding Company	Toyota Motor Corporation, Japan*
(ii) Holding Company	Toyota Financial Services Corporation, Japan
(iii) Fellow Subsidiaries (parties under common control)	1. Toyota Kirloskar Motor Private Limited 2. Toyota Leasing (THAILAND) Co. Ltd 3. Toyota kreditbank GMBH*
(iv) Key Management Personnel	Tomohei Matsushita – Managing Director and CEO Kazuki Ogura – Managing Director and CEO (upto January 31, 2016) Akihiko Sekiguchi - Chief Financial Officer

\* Parties with whom no transactions during the current year.

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

				March 31, 2017	(Rupees)
Nature of transaction	Holding Company	Fellow Subsidiaries		Key Management Personnel	Total
		Toyota Kirloskar Motor Private Limited	Toyota Leasing (THAILAND) Co Ltd		
<b>Transactions:</b>					
Remuneration to Managing Director	11,832,038*	-	-	13,162,270	24,994,308
Remuneration to Chief Financial Officer	6,456,146*	-	-	18,757,773	25,213,919
Reimbursement of Employee cost	4,403,361*	-	-	-	4,403,361
Professional fees	1,176,378	5,053,558	1,405,958	-	7,635,894
Staff Welfare	603,461	-	-	-	603,461
IT Network Communication	-	5,600,000	-	-	5,600,000
Training expenses	98,926	-	-	-	98,926
Allotment of Equity Shares (including securities premium of Rs.975,000,000)	2,600,000,000	-	-	-	2,600,000,000
Receipt of Relocation Expenses	-	-	87,650	-	87,650
Incentive Fees** (Refer note 19)	-	110,390,000	-	-	110,390,000
<b>Balances as at year end:</b>					
Trade Receivables (Refer note 14)	-	126,948,500	-	-	126,948,500
Trade Payable*	22,973,781	6,237,477	922,471	-	30,133,729

\*Reimbursement of Expatriate salaries to Holding Company.

\*\* Based on incentive schemes entered into with Toyota Kirloskar Motors Private Limited('TKM') during the current year incentive amounting to Rs. 110,390,000 (Previous Year Rs. 302,532,000), were ascertained and recognised for the year ended March 31, 2017. An amount of Rs. 126,948,500 (including service tax) (Previous Year Rs. 176,723,880) was outstanding at the Balance sheet date.

				March 31, 2016	(Rupees)
Nature of transaction	Holding Company	Fellow Subsidiaries		Key Management Personnel	Total
		Toyota Kirloskar Motor Private Limited	Toyota kreditbank GMBH		
Transactions:					
Remuneration to Managing Directors	-	-	-	27,119,220*	27,119,220
Remuneration to Chief Financial Officer	-	-	-	19,681,360	19,681,360
Professional fees	367,829	4,910,086	-	-	5,277,915
Staff Welfare	1,169,204	-	-	-	1,169,204
Relocation	90,654	-	177,972	-	268,626
Training expenses	73,308	-	401,710	-	475,018
Allotment of Equity Shares (including securities premium of Rs.566,666,665)	1,699,999,995	-	-	-	1,699,999,995
Receipt of Relocation Expenses	-	-	318,900	-	318,900
Incentive Fees (Refer note 19)	-	302,532,000	-	-	302,532,000
Balances as at year end:					
Trade Receivables (Refer note 14)	-	176,723,880	-	-	176,723,880
Trade Payable	190,342	907,230	-	-	1,097,572

\* Includes the remuneration paid to Kazuki Ogura amounts to Rs. 21,792,940 for the period from (April 01, 2015 to January 31, 2016) and to Tomohei Matsushita to Rs.5,326,280 (From January 01, 2016)

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**31) Note on the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company in terms of para 16(5) Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**
**a) Capital**

S.No	Particulars	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
i)	CRAR (%)	17.55	19.30
ii)	CRAR - Tier I Capital (%)	17.17	18.92
iii)	CRAR - Tier II Capital (%)	0.38	0.38
iv)	Amount of Subordinated debt raised as Tier-II Capital (Amount in Rs.)	-	-
v)	Amount raised by issue of Perpetual Debt Instruments (Amount in Rs.)	-	-

**b) Investments**

S.No	Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
1	Value of Investments	-	-
	(i) Gross Value of Investments	-	-
	(a) In India	-	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments	-	-
	(a) In India	-	-
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments	-	-
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

**c) Derivatives**
**(i) Forward Rate Agreement/ Interest Rate Swap**

S.No	Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
(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	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-



**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**

(iii) Disclosures on Risk Exposure in Derivatives

**(A) Quantitative Disclosures**

Disclosure relating to risk management policies pertaining to derivatives is not applicable to the Company as the Company has not used derivatives during the year and previous year.

**(B) Quantitative Disclosures**

Sl.No.	Particular	April 1, 2016 to March 31, 2017 (Rupees)		April 1, 2015 to March 31, 2016 (Rupees)	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	-	-	-	-
(ii)	Marked to Market Positions [1]				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

**(d) (i) Disclosures relating to Securitisation**

S.No.	Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
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	-	-
	Others	-	-

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

S.No.	Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of	-	-
(v)	Aggregate gain / loss over net book value	-	-

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**

**(iii) Details of Assignment transactions undertaken**

<b>S.No.</b>	<b>Particulars</b>	<b>April 1, 2016 to March 31, 2017 (Rupees)</b>	<b>April 1, 2015 to March 31, 2016 (Rupees)</b>
(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 :**

<b>S.No.</b>	<b>Particulars</b>	<b>April 1, 2016 to March 31, 2017 (Rupees)</b>	<b>April 1, 2015 to March 31, 2016 (Rupees)</b>
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 :**

<b>S.No.</b>	<b>Particulars</b>	<b>April 1, 2016 to March 31, 2017 (Rupees)</b>	<b>April 1, 2015 to March 31, 2016 (Rupees)</b>
1 .	No. of accounts sold	-	-
2 .	Aggregate outstanding	-	-
3 .	Aggregate consideration received	-	-

*This space has been intentionally left blank*

TOYOTA FINANCIAL SERVICES INDIA LIMITED

Notes to the Financial Statements for the year ended March 31, 2017 (Continued)

(v) Maturity pattern of certain assets and liabilities as at March 31, 2017

As on March 31, 2017									(Amount in Rupees)
	Upto 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings **	4,299,387,339	1,977,981,010	1,968,316,446	4,924,301,774	10,764,752,650	22,000,000,000	3,000,000,000	-	48,934,739,219
<b>Assets *</b>									
Advances (net of NPA provision)	4,875,798,750	3,516,113,185	2,513,783,415	5,004,747,767	8,864,702,263	27,332,655,514	8,658,744,026	943,559,676	61,710,104,596
Fixed Deposits	-	-	-	-	-	-	-	-	-
<b>Investments</b>									
Foreign Currency Assets #	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities #	-	-	-	-	-	-	-	-	-
As on March 31, 2016									(Amount in Rupees)
	Upto 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings **	4,712,649,043	2,236,986,085	490,123,825	3,697,737,101	3,477,957,540	16,000,000,000	2,000,000,000	-	32,615,453,594
<b>Assets *</b>									
Advances (net of NPA provision)	3,212,081,393	2,266,707,787	1,638,422,648	3,233,415,798	5,987,981,273	18,897,218,827	5,777,886,432	174,269,108	41,187,983,266
Fixed Deposits	160,000,000	-	-	-	-	-	-	-	160,000,000
<b>Investments</b>									
Foreign Currency Assets #	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities #	-	-	-	-	-	-	-	-	-

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

\*\* Borrowing towards commercial paper is net of discounting charges

# The Company do not have any foreign currency assets and liabilities in relation to its principal operations

Income/ Expenses accrued but not due on the above assets/ liabilities are excluded

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

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**(e) Exposures**
**(i) Exposure to Real Estate Sector**

Category	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
<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	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

**(ii) Exposure to Capital Market**

Particulars	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
(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)	-	-
<b>Total Exposure to Capital Market</b>	-	-

**(iii) Details of financing of parent company products**

The Company is primarily engaged only in auto financing of Fellow subsidiary products. Loans and Advances includes Vehicle finance, which comprise primarily of either Loans to customers for purchasing Toyota cars and accessories or Loans to Dealers engaged in dealing in Toyota cars and accessories.

**(iv) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC**

The Company has not exceeded the prudential exposure limits of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year.

**(v) Unsecured Advances**

The total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc has been taken is Nil (March 31, 2016: Nil).

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**(f) Miscellaneous**
**(i) Registration obtained from other financial sector regulators**

The Company has not obtained registration from other financial sector regulators.

**(ii) Disclosure of Penalties imposed by RBI and other regulators**

Penalties imposed by RBI and other regulators on the Company is Nil (Previous Year: Nil)

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

S. No.	Instrument	Rating	Rating Agency	Date of Rating
1	Redeemable Non-Convertible Debentures	AAA	CRISIL Limited	February 18, 2014
2	Commercial Papers	A1+	CRISIL Limited	February 18, 2014

There have not been any migrations during the year.

**(iv) Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period items included in the current year's Statement of Profit and Loss.

**(v) Revenue Recognition**

There is no revenue which has been postponed pending the resolution of significant uncertainties, except for revenue from non performing assets identified by the company

**(g) Additional Disclosures**
**(i) Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Provisions for depreciation on Investment	-	-
Provision towards NPA	93,571,654	174,632,346
Provision made towards Income tax	411,074,500	124,871,000
Other Provision and Contingencies (Provision for Gratuity and Compensated absences)	4,750,231	2,600,787
Contingent Provision for Standard Assets, including future potential losses	343,815,500	57,962,000

**(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**

	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Total Advances to twenty largest borrowers	8,256,606,333	4,401,055,243
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	13.30%	10.62%

**(C) Concentration of Exposures**

	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Total Exposure to twenty largest borrowers /customers	9,736,704,372	5,159,384,002
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	15.11%	12.10%

**(D) Concentration of NPAs**

	April 1, 2016 to March 31, 2017 (Rupees)	April 1, 2015 to March 31, 2016 (Rupees)
Total Exposure to top four NPA accounts	248,171,419	136,785,738

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**(h) Disclosure on Restructured Advances**

SI No	Type of Restructuring → Asset Classification → Details ↓		Standard	Sub Standard	Others Doubtful	Loss	Total
		No. of borrowers	-	14	-	-	14
1	Restructured Accounts as on April 1 of the FY (opening figures)	Amount outstanding	-	25,083,922	-	-	25,083,922
		Provision thereon	-	2,508,393	-	-	2,508,393
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Upgradations to restructured standard category during the FY	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 FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures)	Amount outstanding	-	16,699,880	-	-	16,699,880
		Provision thereon	-	1,669,988	-	-	1,669,988

Note: Since the disclosure of restructured advance accounts pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

Company in the year 2015-16 had restructured the loans in terms of granting the additional time to the borrowers affected by Tamil Nadu floods

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**
**(E) Sector-wise NPAs**

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector	
		April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans*	#REF!	1.08%
7	Other personal loans	-	-

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

**(iv) Movement of NPAs**

Sl.No.	Sector	April 1, 2016 to March 31, 2017 (Rupees)**	April 1, 2015 to March 31, 2016 (Rupees)
(i)	Net NPAs to Net Advances (%)	0.64	0.43
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	445,976,303	139,131,450
	(b) Additions during the year	1,151,981,403	361,693,830
	(c) Reductions during the year	842,500,208	54,848,977
	(d) Closing balance	755,457,498	445,976,303
(iii)	Movement of Net NPAs		
	(a) Opening balance	178,766,957	46,554,450
	(b) Additions during the year	665,982,500	162,894,273
	(c) Reductions during the year	450,072,959	30,681,766
	(d) Closing balance	394,676,498	178,766,957
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	267,209,346	92,577,000
	(b) Provisions made during the year	485,998,902	198,799,557
	(c) Write-off / write-back of excess provisions	392,427,248	24,167,211
	(d) Closing balance	360,781,000	267,209,346

\*\*working based on monthly movement of NPAs

**(v) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

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

**(vi) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

The Company does not have any off-balance sheet SPVs sponsored.

**(i) Disclosure of Customer Complaints**

Sl.No.	Particulars	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	850	298
(c)	No. of complaints redressed during the year	850	298
(d)	No. of complaints pending at the end of the year	-	-

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

**Notes to the Financial Statements for the year ended March 31, 2017 (Continued)**

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

Particulars	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>a. Persons involved</b>		
Customers	13,579,237	3,300,908
<b>Total</b>	<b>13,579,237</b>	<b>3,300,908</b>
<b>b. Type of Fraud</b>		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	13,579,237	3,300,908

**33) Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserves Bank)**

Directions, 2015 are given in Annexure I.

**34) 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 34 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**

SD/-

**Sharad Vasant**

Partner

Membership No.101119

SD/-

**Tomohei Matsushita**

Managing Director &

CEO

DIN:07335725

SD/-

**Akito Tachibana**

Director

DIN:07411338

Place: Bangalore

May 26, 2017

Bangalore

May 26, 2017

Bangalore

May 26, 2017

SD/-

**Akihiko Sekiguchi**

Chief Financial Officer

Bangalore

May 26, 2017

SD/-

**Reena Mary**

Company Secretary

ACS23518

Bangalore

May 26, 2017



**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**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

(Rs. In lakhs)

<b>Liabilities Side</b>		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
Particulars	Amount outstanding	Amount overdue
(a) Debentures : Secured*	339,403	-
: Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans*	35,933	-
(d) Intercompany loans and borrowing	-	-
(e) Commercial Paper	116,354	-
(f) Other Loans (Working Capital Loans from Banks)	7,094	-
* Including Interest accrued but not due		
<b>Asset Side</b>		
	Amount Outstanding	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured (Gross excluding NPA provision)		615,624
(b) Unsecured*		5,085
(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		-
(b) Loans other than (a) above		-
(4) Break-up of Investments :		
Current investments:		
1. Quoted		
(i) Shares: (a) Equity		-
(b) Preference		-
(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)

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**  
**ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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

	Amount Outstanding
Long Term investments	
1. Quoted	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual funds	-
(iv) Government Securities	-
(v) Others (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:

Please see note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	612,016	5,085	617,101
Total	612,016	5,085	617,101

(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)

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	-	-

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(7) Other Information

Particulars	Amount
(i) Gross Non Performing Assets	
(a) Related Parties	-
(b) Other than related parties	7,555
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	3,947
(iii) Assets acquired in satisfaction of debt	688

Notes:

1. The provision -point xix of paragraph 3 of chapter -2 of the these Directions is applicable to NBFC- MFI
2. Provisioning norms shall be applicable as prescribed in Master Direction- Non- Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Rserve 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 (4) above.

## NOTICE

**NOTICE** is hereby given that the Sixth Annual General Meeting of the shareholders of Toyota Financial Services India Limited shall be held at 5:15 P.M. on Tuesday, August 29, 2017 at the registered office of the Company at No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar Bangalore-560025 to transact, with or without modification(s) as may be permissible, the following business:

### **Ordinary Business:**

1. Receive, consider and adopt the audited Financial Statements of the Company as on March 31, 2017, including the audited Balance Sheet as on March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date together with Reports of Directors and Auditors thereon.
2. Reappoint Mr. Kazuki Ogura (DIN: 03488373), as Director who is liable to retire by rotation, who offers himself for reappointment.
3. Appoint Statutory Auditors and in this regard, 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and any statutory modification(s) or reenactment(s) thereof for the time being in force and Rules, Circulars and Guidelines issued by the Reserve Bank of India from time to time and the Rules/ Regulations/ Guidelines, if any, prescribed by any relevant authorities from time to time, and based on recommendation by the Audit Committee and Board of Directors of the Company, M/s Price Waterhouse, Chartered Accountants ( Firm Registration No. 301112E) be and is hereby re-appointed as Statutory Auditors of the Company to hold office for a period of 04 (four years) from the conclusion of Sixth Annual General Meeting to be held in calendar year 2017 till the conclusion of tenth Annual General Meeting to be held in calendar year 2021 and that the Board of Directors with recommendation from Audit Committee of the Company be hereby authorised to fix remuneration payable to them for financial year 2017-18 in consultation with Statutory Auditors.”

### **Special Business:**

#### **4. Appointment of Ms. Asha Sampath (DIN: 02160962) as an Independent Director**

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 and Section 149 of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014, and all other applicable provisions of the Companies Act, 2013 and rules & regulations made thereunder, if any (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company, the extant Guidelines and Circulars on appointment of Directors issued by Reserve Bank of India and the Rules/ Regulations/ Guidelines, if any, prescribed by any relevant authorities from time to time, and based on recommendation by the Nomination and Remuneration Committee and Board of Directors of the Company, Ms. Asha

Sampath (DIN: 02160962), who was appointed as an Additional (Independent) Director of the Company by Board of Directors at its meeting held on May 26, 2017 and whose term of office expires at this Annual General Meeting (“AGM”) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office till the conclusion of the Seventh Annual General Meeting;”

**“Resolved further that** any Director of the Company or Mr. Akihiko Sekiguchi, SVP – CFO & CRO, be and are hereby authorized to severally do all such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs.”

**5. Appointment of Mr. Akitoshi Takemura (DIN: 06779406) as Director of the Company:**

Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“Resolved that** Mr. Akitoshi Takemura, (DIN: 06779406) who was appointed as an Additional Director with effect from February 01, 2017 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company.”

**“Resolved further that,** any Director of the Company or Mr. Akihiko Sekiguchi, SVP – CFO & CRO or the Company Secretary, be and are hereby severally authorized to severally do all such acts, deeds and things to give effect to the above resolution including but not limited to filing requisite forms and returns with the Ministry of Corporate Affairs.”

**6. Increase in Borrowing Limits**

Consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“Resolved that** in supersession of the resolutions passed earlier in this regard and pursuant to the provisions of Section 180(1)(c) of Companies Act, 2013 and rules & regulations made there under, if any (including any statutory modification or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow and raise such sums of money from bank 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) as permitted by the regulations, by issue of commercial paper and by

issue of Non-Convertible debentures from time to time on such terms and conditions and with or without security as the Board of Directors may think fit 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 and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, at a maximum limit as given in below table, subject to the proviso that such borrowings, together with monies already borrowed, shall not at any one time exceed Rs. 128,000 million (Rupees One Hundred and Twenty Eight Thousand Million Only) excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business, in one or more tranches/ series, on such terms and conditions including commercial terms as may be determined by the Board of Directors on the basis of the prevailing market conditions;

<b>Type of Borrowing</b>	<b>Borrowing Limit (INR in Million)</b>
Borrowings from banks in the form of term loans (short term/ long term), cash credit, overdraft facility, working capital demand loan external commercial borrowings etc.	38,000
Borrowings by issue of Commercial papers	34,000
Borrowings by issue of Non-convertible debentures	56,000
<b>Total Borrowings</b>	<b>128,000</b>

**Resolved further that,** in supersession of resolutions passed earlier in this regard and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and rules & regulations made there under, if any (including any statutory modification or re-enactment thereof for the time being in force), the consent of the members of the Company 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 institution and other persons for securing loans, credits, guarantees or other facilities provided or to be provided by them to the Company and/or to secure/ unsecure debentures issued/ to be issued by the Company, which borrowings and facilities together with the existing ones shall not exceed an aggregate limit Rs. 128,000 million (Rupees One Hundred and Twenty Eight Thousand Million Only); and

**Resolved further that,** the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

## **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** subject to the provisions of Section 180 (1) (c), Section 42, Section 71 of the Companies Act, 2013, and all other applicable provisions of the Companies Act 2013 and rules & regulations made there under, if any (including any other statutory modification or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors of the Company, for a period of 1 (one) year from the date hereof, to raise funds for its general corporate purposes by way of issuance of Non-Convertible Debentures in one or more tranches/ series, on such terms and conditions as may be determined by the Board of Directors, provided that the aggregate amount raised through the issuance of the Non-Convertible Debentures pursuant to the authority under this resolution along with the Non-Convertible Debentures already issued by the Company remains below the limit of INR 56,000 Million (Rupees Fifty Six Thousand Million only); and

**Resolved further that,** the consent of the members be and is hereby accorded to the Board of Directors of the Company to determine the price at which any non-convertible debentures are being issued in one or more tranches/ series pursuant to the authority granted under the resolution referred to above, on the basis of the prevailing market conditions; and

**Resolved further that,** the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution”.

By order of the Board of Directors

**Sd/**

Reena Mary

Company Secretary

Date: August 04, 2017

Place: Bangalore

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“AGM”) IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE ON HIS/HER BEHALF, AND A PROXY NEED NOT BE A MEMBER. The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than 48 (Forty Eight) hours before the AGM. Proxies submitted on behalf of limited companies, etc. must be supported by appropriate resolutions or authority, as applicable. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend and vote at the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. All documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company during normal business hours from 11 a.m. to 1 p.m. on all working days, up to and including the date of the Annual General Meeting of the Company and will also be available for inspection at the meeting.

## **Annexure to Notice:**

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

#### **Item no. 4:**

Ms. Asha Sampath was appointed as Additional Director in Independent Director capacity with effect from May 27, 2017 to hold office till this Annual General Meeting ('AGM') pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company in view of completion of 70 (seventy) years of age of the former Independent Director, Mr. Raman Rengan.

Ms. Asha Sampath is a Chartered Accountant from the Institute of Chartered Accountants of India and also a Company Secretary from the Institute of Company Secretaries of India. She has about 25 years of experience in the field of finance and her last stincts include, the position of Managing Director at Endeka Ceramics India Private Limited, a European MNC. Your Board of Directors felt that her experience in the field of Finance would contribute to the business of the Company.

In pursuance of Section 152 of the Companies Act, 2013 read with rules made thereunder, it is legally required that a Director (other than additional director) can be appointed in the company only with the consent of the members of the Company at a general meeting. The Company has received notice in writing from a member along with a deposit for Rs. 1,00,000/- proposing the candidature of Ms. Asha Sampath for the office of Director. Ms. Asha Sampath has given a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and other necessary declarations as in terms of the Companies Act, 2013 and the directions of the Reserve Bank of India have been obtained.

In the opinion of the Board, Ms. Asha Samapath, the new independent director proposed to be appointed fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management. None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, other than Ms. Asha Sampath are interested or concerned in the resolution.

The Board recommends his appointment and recommends the resolution for approval of the members.

#### **Item no 5:**

Mr. Akitoshi Takemura was appointed as Additional Non-Executive Director of the Company with effect from February 1, 2017 to hold office till this Annual General Meeting ('AGM') pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company. The Company has received notice in writing from a member along with a deposit for Rs.1,00,000/- proposing the candidature of Mr. Akitoshi Takemura for the office of Director. Akitoshi Takemura being eligible is proposed to be appointed as Director of the Company, who shall be eligible for retirement on rotation.



None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, other than Mr. Akitoshi Takemura is interest or concerned in the resolution.

The Board recommends his appointment and recommends the resolution for approval of the members.

**Item no. 6:**

In view of new opportunities, expanding business and meeting day to day financial commitments, the Company is required to increase its borrowing limits from the present of 110,000 Million to 128,000 Million.

Further the provisions of Section 180 (1) (c) of the Companies Act, 2013 provides that the Board of Directors of a Company cannot borrow money (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting. The consent of the Shareholders is requested for an increase in the borrowing limits up to a limit of Rs. 128,000 Million at this meeting. Shareholders are also requested to approve creation of mortgage, hypothecation, charge or other encumbrances of the assets of the company pursuant to section 180(1)(a) of the Companies Act, 2013 along with the increase in borrowing limits.

Your Directors commend the ordinary resolution as set out in Item No. 6 of the accompanying notice for your approval.

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

**Item no. 7:**

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

The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of non-convertible debentures by the Company for a period of 1 year from the date on which the Shareholders have provided the approval by way of special resolution. All Non-Convertible Debentures issued by the Company pursuant to such authority granted by the Shareholders shall be priced on the basis of the prevailing market conditions and as specifically approved by the Board at such time.

Your Directors commend the special resolution as set out in Item No. 7 of the accompanying notice for your approval.

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

By order of the Board of Directors

**SD/-**

Reena Mary  
Company Secretary

Date: August 04, 2017  
Place: Bangalore

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

Registered office: No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar, Bangalore-560025

Corporate Identity Number: U74900KA2011FLC058752

[www.toyotafinance.co.in](http://www.toyotafinance.co.in)

**6<sup>th</sup> Annual General Meeting-29<sup>th</sup> August 2017**

Name of the Member(s)	
Registered address	
Email Id	
Folio No.	

I/ We, being the holder(s) of \_\_\_\_\_ equity shares of Toyota Financial Services India Limited, hereby appoint

1. Name : \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ or falling him/her

2. Name : \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ or falling him/her

3. Name : \_\_\_\_\_ E-mail id: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ or falling him/her

As my/ our proxy to attend and vote for me/us and on my/our behalf at the 6<sup>th</sup> Annual General Meeting of the Company to be held on \_\_\_\_\_, at 10:00 a.m. at No. 21, Centropolis, First Floor, 5th Cross Langford Road, Shanti Nagar, Bangalore-560025, India and at any adjournment thereof in respect of such resolution as are indicate the Notice.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

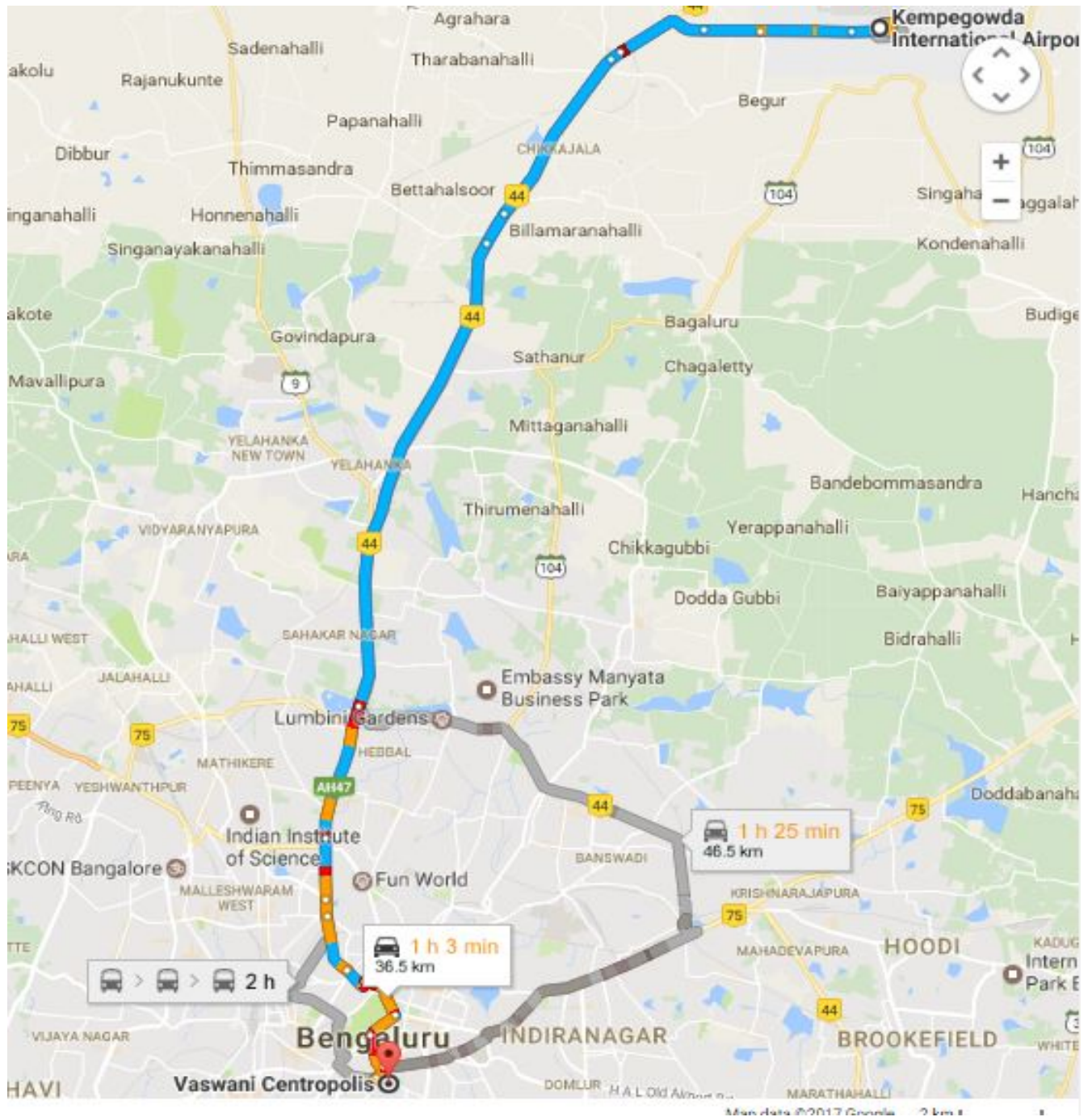
Signature of Shareholder \_\_\_\_\_  
\_\_\_\_\_

Signature of Proxy holder (s)

Note: this form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Map route to venue of the meeting (from Kempegowda International Airport)

Landmark: Near ICICI Bank





**TOYOTA FINANCIAL SERVICES INDIA LIMITED**

Regd. Office : No.21, Centropolis, First Floor, 5th Cross,  
Langford Road, Shanti Nagar, Bangalore - 560 025