



TOYOTA

FINANCIAL SERVICES

TOYOTA FINANCIAL SERVICES INDIA LIMITED

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

3RD ANNUAL REPORT 2013-2014

BANKERS

Axis Bank Ltd
Bank of Tokyo Mitsubishi UFJ Ltd.
BNP Paribas
Citi Bank N.A
Corporation Ltd.
Deutsche Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
J.P.Morgan
Kotak Mahindra Bank Ltd.
Mizuho Corporate Bank Ltd.
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Royal Bank of Scotland N.V
The Hongkong and Shanghai Banking

AUDITORS

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

CHIEF FINANCIAL OFFICER

Akihiko Sekiguchi

BOARD OF DIRECTORS

Kazuki Ogura – Managing Director & CEO
Naomi Ishii
Narayanaswamy Raja
Mao Saka
Yasuhiro Yomoda

AUDIT COMMITTEE

Mao Saka - Chairman
Yasuhiro Yomoda
Kazuki Ogura

REMUNERATION COMMITTEE

Mao Saka - Chairman
Naomi Ishii
Yasuhiro Yomoda

ASSET LIABILITY MANAGEMENT COMMITTEE

Kazuki Ogura – Chairman
Akihiko Sekiguchi
Vinod Cherumadathil
Anupam Vasdani
Rahul Sinha
P. S. Sridhar
Amit Kakkar

RISK MANAGEMENT COMMITTEE

Kazuki Ogura – Chairman
Akihiko Sekiguchi
Vinod Cherumadathil
Rahul Sinha
P. S. Sridhar
Anupam Vasdani



FINANCIAL SERVICES

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DIRECTORS' REPORT

To the Members,

We are pleased to present the Directors' Report of Toyota Financial Services India Limited for the year ended March 31, 2014.

I. FINANCIAL RESULTS

(Rupees in Millions)

PARTICULARS	YEAR ENDED MARCH 31, 2014	YEAR ENDED MARCH 31, 2013
Total Income	999.65	260.41
Expenditure	1237.25	542.52
Profit / (Loss) Before Taxation	(237.60)	(282.11)
Profit / (Loss) After Taxation	(237.60)	(282.11)
Profit / (Loss) Carried to Balance Sheet	(719.81)	(482.21)

II. BUSINESS RESULTS

a. Indian Economy

India has been witness to high growth in most of the years since 2004. The growth has been lower in the past two years. India's expected return to high growth in the future will be dependent on the policy measures to be initiated by the new Government post the May 14 elections. During the year FY 15, the effect of El Nino is expected to result in less monsoon rains which may impact the economic growth in the country.

The inflation levels in India in the past few quarters have been above the comfort zone for the Reserve Bank of India (RBI). Consequently the RBI raised the repo rate (rate at which the central bank lends to the local banks) during the year, which is currently ruling at 8%.

During the year 2013-14 the fiscal deficit, which was expected to be high, was contained at 4.8% of the GDP due to the various initiatives taken by the Government of India.

During the previous year, Indian Currency witnessed sharp downward movement in relation to major currencies. Consequent to the steps initiated by the Government of India and RBI, the rupee has stabilized against major currencies in the past few months.

Prospects:

India is expected to grow at approximately 5.5% during FY 15. A poor monsoon during the year could dampen the growth, but could be offset if the new Government initiates policy measures which will facilitate high growth.

b. Automotive Market

During the year the automobile market continued to pass through the difficult phase. The Government of India provided relief in the form of lower excise duty to the car manufacturers. Many of the car

manufacturers passed on the benefit to the consumers in the form of lower price. But the good initiative of the Government is yet to produce the desired results.

During the year FY 14, sale of passenger vehicles declined by around 6.00% as compared to the previous year.

c. Toyota

The slowdown in the automobile industry also impacted sale of Toyota Vehicles in India. Consequently Toyota could sell 1,40,477 vehicles as compared to 1,60,994 vehicles during FY 13.

d. Toyota Financial Services India Ltd.

As of end of March 2014, your company continued to expand its reach and is able to cover 75% of overall Toyota sales in India and is present in 44 locations and 44 Toyota dealerships. With disbursed finance contracts your company was able to achieve an overall finance penetration of 13.6 % in FY14.

During the year your company became the most preferred car finance partner for Toyota customers. The overall business performance in FY14 was broadly in line with the set targets and expectations. Your company could not reach its plan with regard to its business volume, mainly due to the reduced Toyota sales versus plan.

The total business written by the company during the year amounted to Rs. 10,086.74 million.

During FY14, your company commenced financing of cars in inventory to the dealers and ended the year with book size of Rs. 697.12 million.

As of March 31, 2014 your company assigned 192 associates, including 3 expats.

The competition continues to intensify in these lines of business which resulted in pressure on margins. Your company continues to focus on acquiring good quality assets and control of costs. Your company enjoys good relations with the customers, dealers, bankers and the manufacturer.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 5,100,000,000/- (Rupees Five Hundred and Ten Crores only) divided into 510,000,000/- (Fifty One Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

During the year the parent company (Toyota Financial Services Corporation, Japan) invested Rs.2500 million in the share capital in line with its commitment to the long term growth of the Company.

The Paid-up Share Capital of the Company is Rs. 4,523,076,920/- (Rupees Four Hundred and Fifty Two Crores Thirty Lakh Seventy Six Thousand Nine Hundred and Twenty only) divided into 452,307,692/- (Forty Five Crores Twenty Three Lakh Seven Thousand Six Hundred and Ninety Two Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

DIVIDEND

Since there is no divisible profit for the year under review, no dividend has been recommended by the Board of Directors.

DIRECTORS

The Board is duly constituted with the following directors:

Name of the Director	Designation
Mr. Kazuki Ogura	Managing Director & CEO
Mr. Mao Saka	Director
Mr. Yasuhiro Yomoda	Director
Mr. Naomi Ishii	Additional Director
Mr. Narayanaswamy Raja	Additional Director

Mr. Hiroshi Nakagawa resigned as the Director of the Company with effect from December 31, 2013. Mr. Eiji Hirano resigned as the Director of the Company with effect from January 31, 2014. Mr. Naomi Ishii was appointed as Additional Director with effect from January 31, 2014. Mr. Sandeep Singh resigned as the director of the Company with effect from April 19, 2014. Mr. Narayanaswamy Raja was appointed as Additional Director with effect from May 13, 2014. None of the Directors of the Company are disqualified under section 274(1) (g) of the Companies Act, 1956.

AUDITORS

The current Auditors M/s. Price Waterhouse, Chartered Accountants, Mumbai are eligible for re-appointment. It is proposed to re-appoint them at the ensuing AGM to hold office for a term beginning from 3rd AGM till the conclusion of sixth Annual General Meeting as per Section 139 of Companies Act, 2013. They are appointed on the basis of their expertise and capability. The Directors have received the letter from M/s. Price Waterhouse, Chartered Accountants, Mumbai giving their consent for the proposed appointment.

FIXED DEPOSITS

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

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your company as on 31st March 2014 was at 32.74%.

CREDIT RATING

Your Company's long-term borrowings are rated "AAA" (with stable outlook) by CRISIL. Your Company's short-term borrowing program is rated "A1+" by CRISIL.

FINANCE

During the year your Company's borrowings were mainly from Banks. The interest rate scenario during the year remained elevated on account of continuing high level of inflation in the country and the turbulence in the money markets on account of certain global events.

During the Financial Year 2015, your company is planning to diversify the source of funds by issuing commercial paper & non-convertible debentures.

INTERNAL AUDIT

M/s Brahmayya & Co., internal auditors of the company conducted review of the processes and submitted their report to the Audit Committee.

HUMAN RESOURCES

Your Company is professionally managed with key management personnel having rich experience in the industry. Your company follows policies/processes to nurture & develop the potential in its employees.

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

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

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

DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO IS AS FOLLOWS

Foreign Exchange Earnings	Foreign Exchange Outgo (In Millions)
NIL	5.224

PARTICULARS OF EMPLOYEES' REMUNERATION

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act 1956 with respect to Directors Responsibility Statement, the Directors would like to inform members that the audited accounts containing the financial statements for the year ended March 31, 2014 are in full conformity with the requirements of the Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the company's financial condition and results of operations.

The Directors further confirm and state as follows:

1. In preparation of the annual accounts for the financial year ended March 31, 2014; the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The accounting policies have been selected and applied consistently and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the period under review.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Date: May 13, 2014

Kazuki Ogura

Mao Saka

Place: Bangalore

Managing Director

Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Toyota Financial Services India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOYOTA FINANCIAL SERVICES INDIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters.
- 8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Bangalore
May 13, 2014

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Alpa Kedia
Partner
Membership Number:100681

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2014

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

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2014

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty and excise duty which have not been deposited on account of any dispute.
- x. As the Company is registered for a period less than five years, the provisions of Clause 4(x) of the Order are not applicable to the Company.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has obtained working capital loans from Banks amounting to Rs. 5,880,877,895 on a short term basis; as disclosed in Note 31 to the financial statements; part of these funds, have been used for disbursing long term vehicle financing.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Toyota Financial Services India Limited on the financial statements as of and for the year ended March 31, 2014

- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for Note 32 to the financial statements regarding fraud on the Company by certain customers involved misrepresentation of facts and/or documents in respect of loans granted by the Company and aggregating Rs. 2,215,000 and for which Management has reported these incidents to the Reserve Bank of India and has initiated the necessary steps to recover the outstanding loans including repossession of cars financed, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Bangalore
May 13, 2014

Alpa Kedia
Partner
Membership Number:100681

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
<u>EQUITY AND LIABILITIES</u>			
(1) Shareholder's Fund			
(a) Share Capital	2	4,523,076,920	2,600,000,000
(b) Reserves and Surplus	3	(142,892,807)	(482,217,554)
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	2,500,000,000	-
(b) Other Long Term Liabilities	5	6,410,109	9,119,944
(c) Long Term Provisions	6	39,712,000	8,748,365
(3) Current Liabilities			
(a) Short Term Borrowings	7	5,880,877,895	1,950,000,000
(b) Trade Payables	8	162,626,346	114,849,613
(c) Other Current Liabilities	9	59,384,532	26,168,127
(d) Short Term Provisions	10	14,876,000	8,427,871
TOTAL		13,044,070,995	4,235,096,366
<u>ASSETS</u>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	58,597,496	77,912,380
(ii) Intangible Assets	11	56,964,562	73,710,801
(iii) Capital work-in-progress		1,980,094	1,062,650
(b) Long Term Loans and Advances	12	8,302,335,085	2,664,467,358
(2) Current Assets			
(a) Cash and Bank Balances	13	502,349,958	426,191,218
(b) Short -Term Loans and Advances	14	4,053,777,837	966,675,327
(c) Other Current Assets	15	68,065,963	25,076,632
TOTAL		13,044,070,995	4,235,096,366
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		For and on behalf of the Board of Directors	
Firm Registration No. 301112E			
Chartered Accountants			
Alpa Kedia		Kazuki Ogura	Mao Saka
Partner		Managing Director &	Director
Membership No. 100681		CEO	
Bangalore		Bangalore	Bangalore
May 13, 2014		May 13, 2014	May 13, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
I Revenue From Operations	17	920,164,487	153,835,476
II Other Income	18	79,490,449	106,575,683
III Total Revenue(I + II)		999,654,936	260,411,159
IV Expenses			
Employee Benefits Expense	19	207,017,458	162,889,824
Finance Costs	20	501,240,098	26,638,346
Depreciation and amortisation expense	21	46,048,984	40,614,476
Other Expenses	22	444,302,725	301,317,921
Contingent Provision for Standard Assets		21,713,500	8,795,500
Provisions for Non Performing Assets		16,930,500	2,272,500
Total Expenses		1,237,253,265	542,528,567
V (Loss) before Tax		(237,598,329)	(282,117,408)
VI Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
VII (Loss) for the Year		(237,598,329)	(282,117,408)
VIII (Loss) per Equity Share of Rs. 10 each (Refer Note 26) Basic and Diluted		(0.65)	(1.09)
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

Alpa Kedia

Partner

Membership No. 100681

Bangalore

May 13, 2014

For and on behalf of the Board of Directors

Kazuki Ogura

Managing Director &

CEO

Bangalore

May 13, 2014

Mao Saka

Director

Bangalore

May 13, 2014

Cash Flow Statement for the year ended March 31, 2014

	March 31, 2014 (Rs.)
A. Cash flow from operating activities	
Net Profit/ (loss) before taxation	(237,598,329)
Adjustments for :	
Depreciation / amortisation	46,048,984
Lease Equalisation Account	(873,765)
Loss on writeoff of Fixed Assets (net)	11,256,674
Interest Expense	500,822,480
Interest on Fixed Deposits	(79,303,021)
Provision against Non Performing Assets	16,930,500
Contingent Provision against Standard Assets	21,713,500
Provision against Compensated Absences	196,000
Operating profit/ (Loss) before working capital changes	279,193,023
Changes in working capital :	
Increase / (decrease) in Trade Payables	47,776,733
Increase / (decrease) in Short Term Provisions	(1,428,236)
Increase / (decrease) in Short Term Borrowings (net)	3,930,877,895
Increase / (decrease) in Long Term Borrowings	2,500,000,000
Increase / (decrease) in Other Current Liabilities	5,665,436
(Increase) / decrease in Short Term Loans and Advances	(3,073,592,922)
(Increase) / decrease in Long Term Loans and Advances	(5,637,867,727)
(Increase) / decrease in Other Current Assets	(41,240,877)
Cash used in Operations	(1,990,616,675)
Taxes paid (including tax deducted at source)	(13,509,588)
Net cash used in operating activities	(2,004,126,263)
B. Cash flow from Investing Activities	
Interest received on Fixed Deposits	77,554,567
Investments in Fixed Deposits of original maturity of more than 3 months but less than 12 months	(1,040,000,000)
Proceeds from Fixed Deposits of original maturity of more than 3 months but less than 12 months	680,000,000
Proceeds from Fixed Deposits with maturity of more than 12 months	220,000,000
Purchase of tangible/intangible assets	(22,224,016)
Sale of tangible/intangible assets	62,036
Net cash used in investing activities	(84,607,413)
C. Cash flow from Financing Activities	
Proceeds from issue of equity share capital	2,499,999,996
Interest Paid	(475,107,580)
Net cash flow from financing activity	2,024,892,416
Net (Decrease) in Cash and cash equivalents (A)+(B)+(C)	(63,841,260)
Cash and cash equivalents, beginning of the year	126,191,218
Cash and cash equivalents, end of the year	62,349,958

Notes to the statement of cash flow :

1)	Cash and cash equivalents comprise of:	
	Cash on hand	5,825
	Balances with banks	
	In current accounts	62,344,133
	Demand deposits (less than 3 months maturity)	-

TOTAL **62,349,958**

- 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.
- 4) The Company has become a Non SMC (Small and Medium Sized Company) in the current period based on criteria mentioned in Companies (Accounting Standards) Rules, 2006. In the previous year, the Company was a SMC and had availed of exemptions or relaxation available to SMCs. Accordingly, the Company has not presented the comparative numbers in the Cash Flow Statement as required under Accounting Standard - 3

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

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

For Price Waterhouse

For and on behalf of the Board of Directors

Firm Registration No. 301112E

Chartered Accountants

Alpa Kedia

Kazuki Ogura

Mao Saka

Partner

Managing Director &

Director

Membership No. 100681

CEO

Bangalore

Bangalore

Bangalore

May 13, 2014

May 13, 2014

May 13, 2014

TOYOTA FINANCIAL SERVICES INDIA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

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 Circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, 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) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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 VI to the Companies Act, 1956. 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 Tangible Assets and Depreciation

- i. Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.
- iv. Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. The following economic life has been considered:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

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

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

1.4 Intangible Assets

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

Asset	Economic life
Computer Software	5 years

1.5 Vehicle Financing

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

- a) Credit department approval of the loan
- b) Completion of documentation formalities by the customer
- c) Receipt of 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 recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Loan Processing fees, subvention income and documentation charge are recognised on 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.

1.7 Loan Acquisition Expenses

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

1.8 Interest Expense

Interest expense is accounted on accrual basis.

1.9 Impairment of Loans

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

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

1.10 Repossessed Assets

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

1.11 Foreign Currency Transactions

Initial Recognition

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

Subsequent Recognition

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

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

1.12 Employee Benefits

i. Provident Fund

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

ii. Gratuity

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

iii. **Compensated absences**

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

1.13 Leases

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

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

1.14 Current and Deferred Tax

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

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

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

1.15 Provisions and Contingent Liabilities

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

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

1.16 Cash and Cash Equivalents

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

1.17 Earnings Per Share

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

1.18 Impairment 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.

1.19 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by 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".

1.20 Special Reserve

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

2) Share Capital		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Authorised: 510,000,000 (March 31, 2013 : 260,000,000) Equity Shares of Rs. 10 each	5,100,000,000	2,600,000,000
	5,100,000,000	2,600,000,000
Issued, Subscribed and Paid up 452,307,692 (March 31, 2013 : 260,000,000) Equity Shares of Rs. 10 each	4,523,076,920	2,600,000,000
	4,523,076,920	2,600,000,000

During the year, authorised share capital was increased from Rs. 2,600,000,000 to Rs. 5,100,000,000 by creation of 250,000,000 equity shares of Rs. 10 each pursuant to an ordinary resolution passed by the shareholders at the second Annual General Meeting held on August 27, 2013.

(a) Reconciliation of number of shares

Particulars	March 31, 2014		March 31, 2013	
	No of shares	Rupees	No of shares	Rupees
Balance at the beginning of the year Equity Shares	260,000,000	2,600,000,000	260,000,000	2,600,000,000
Add: Shares Issued during the year Equity Shares	192,307,692	1,923,076,920	-	-
Balance at the end of the year Equity Shares	452,307,692	4,523,076,920	260,000,000	2,600,000,000

During the year 192,307,692 equity shares of Rs. 10 each have been allotted for cash at a premium of Rs. 3 each pursuant to a resolution of shareholders passed at General Meeting dated August 27, 2013.

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

(c) Shares held by holding company and its nominees		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
452,307,692 (March 31, 2013 : 260,000,000) equity shares held by Toyota Financial Services Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	4,523,076,920	2,600,000,000
(d) Details of Shares held by shareholders holding more than 5% of aggregate shares in the company		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Equity Shares:		
Toyota Financial Services Corporation, Japan, the subsidiary of Toyota Motor Corporation, Japan and its nominees, ultimately held by Toyota Motor Corporation, Japan.	452,307,692	260,000,000
Percentage holding	(100%)	(100%)
3) Reserves and Surplus		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Securities Premium		
Balance at the beginning of the year	-	-
Add : Securities premium on equity shares issued during the year	576,923,076	-
Balance at the end of the year	576,923,076	-
(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(482,217,554)	(200,100,146)
(Loss) for the year	(237,598,329)	(282,117,408)
Balance at the end of the year	(719,815,883)	(482,217,554)
	(142,892,807)	(482,217,554)
4) Long Term Borrowings		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Unsecured		
- Term Loans from Banks	2,500,000,000	-
Schedule of Term Loan		
Unsecured loans from bank with bullet repayment on various maturity dates		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Tenure	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
13 to 36 months	2,500,000,000	-
Interest rates range from 9.55% p.a. to 10.00% p.a. for the borrowings outstanding as at March 31, 2014		
5) Other Long Term Liabilities		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Rent equalisation reserve	6,410,109	9,119,944
6) Long Term Provisions		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Provision for Standard Assets	20,509,000	6,475,865
Provision for Non Performing Assets	19,203,000	2,272,500
	39,712,000	8,748,365
7) Short Term Borrowings		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Unsecured		
- Term Loans from Banks	5,730,000,000	1,950,000,000
- Bank Overdraft repayable on demand	150,877,895	-
	5,880,877,895	1,950,000,000
Schedule of Term Loan		
Unsecured loans from bank with bullet repayment on various maturity dates		
Tenure	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
0 to 12 months	5,730,000,000	1,950,000,000
Interest rates range from 8.65% p.a. to 10.00% p.a. (previous year: 8.80% to 9.50%) for the borrowings outstanding as at March 31, 2014.		
8) Trade Payables		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Sundry Creditors		
- Total outstanding dues to micro and small enterprises	16,988	345,784
- Total outstanding dues to creditors other than micro and small enterprises	43,174,063	28,728,560
Payable to Dealers	119,435,295	85,775,269
	162,626,346	114,849,613

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

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, 2014 (Rs.)	March 31, 2013 (Rs.)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	16,988	345,784
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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

9) Other Current Liabilities

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Interest accrued but not due on borrowings	26,124,763	409,864
Employee benefits payable	15,704,596	15,174,910
Statutory dues including provident fund and tax deducted at source	14,882,460	9,746,710
Rent equalisation reserve	2,672,713	836,643
	59,384,532	26,168,127

There are no amount due for payment to the Investors Education and Protection Fund under section 205C of the Companies Act 1956 as at the year end.

10) Short Term Provisions

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Provision for Employee Benefits		
- Gratuity (Refer Note 18(b))	-	1,428,236
- Provision for Compensated absences	4,876,000	4,680,000
Provision for Standard Assets	10,000,000	2,319,635
	14,876,000	8,427,871

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	April 01, 2013	Additions during the year	Disposal during the year	March 31, 2014	April 01, 2013	For the year	Disposal for the year	March 31, 2014	March 31, 2014	March 31, 2013
Tangible Assets										
Office Equipment	3,997,886	228,594	-	4,226,480	1,141,673	826,613	-	1,968,287	2,258,193	2,856,213
Computers	17,702,799	4,146,343	124,110	21,725,032	5,800,097	6,735,786	71,073	12,464,809	9,260,223	11,902,702
Furniture and Fixtures	16,102,828	16,485	-	16,119,313	4,584,569	3,204,203	-	7,788,772	8,330,541	11,518,259
Leasehold Improvements	62,429,016	-	-	62,429,016	19,116,904	13,494,285	-	32,611,188	29,817,827	43,312,113
Vehicles	11,613,620	2,980,010	-	14,593,630	3,290,526	2,372,391	-	5,662,918	8,930,712	8,323,093
Total (A)	111,846,149	7,371,432	124,110	119,093,471	33,933,769	26,633,278	71,073	60,495,974	58,597,496	77,912,380
Previous Year	101,487,302	10,358,847	-	111,846,149	9,450,154	24,483,615	-	33,933,769	77,912,380	-
Intangible Assets										
Computer Software	90,687,051	13,935,141	17,331,805	87,290,387	16,976,250	19,415,706	6,066,132	30,325,824	56,964,562	73,710,801
Total (B)	90,687,051	13,935,141	17,331,805	87,290,387	16,976,250	19,415,706	6,066,132	30,325,824	56,964,562	73,710,801
Previous Year	19,422,516	73,993,313	2,728,778	90,687,051	1,572,478	16,130,861	727,089	16,976,250	73,710,801	-
Total Fixed Assets (A+B)	202,533,200	21,306,573	17,455,915	206,383,858	50,910,019	46,048,984	6,137,205	90,821,798	115,562,058	151,623,181
Previous Year (Grand Total)	120,909,818	84,352,160	2,728,778	202,533,200	11,022,632	40,614,476	727,089	50,910,019	151,623,181	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

12) Long Term Loans and Advances		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Loans		
Secured , Considered good		
Vehicle Finance *	8,208,903,289	2,590,181,770
Secured , Considered doubtful		
Vehicle Finance	32,304,985	2,979,000
Advances recoverable in cash or in kind or for value to be received (Unsecured)		
Considered good	10,069,831	8,491,128
Considered doubtful	6,745,000	-
(Less): Provision for doubtful advances	(6,745,000)	-
	10,069,831	8,491,128
Security Deposits (considered good)	33,697,072	35,872,822
Other Loans and Advances (Unsecured, Considered good)		
Prepaid expenses	17,359,908	26,942,638
	8,302,335,085	2,664,467,358
* Secured by hypothecation of vehicles and / or charge over current assets		
13) Cash and Bank balances		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Cash on Hand	5,825	10,000
Bank Balance in		
-Current Account	62,344,133	5,668,111
-Fixed Deposits (with maturity less than 3 months)	-	120,513,107
Other Bank Balances		
-Fixed Deposits (with maturity greater than 3 months but less than 12 months)	440,000,000	300,000,000
	502,349,958	426,191,218
14) Short -Term Loans and Advances		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Loans		
Secured , Considered good Vehicle Finance* [Includes Rs. 9,170,091 (Previous Year : Rs. 502,308) of overdue principal and Rs.3,843,359 (Previous Year : Rs. 248,041) of overdue interest]	3,993,116,648	927,852,151

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Others (Unsecured, Considered good) Advances recoverable in cash or in kind for the value to be received - Considered good	11,777,400	8,721,425
Others (Unsecured, Considered doubtful) - Considered doubtful (Less): Provision for doubtful advances	- -	6,745,000 (6,745,000)
	11,777,400	8,721,425
Security Deposits (considered good)	3,552,400	-
Other Loans and Advances -Advance Tax and Tax Deducted at Source (Net of provision for taxation Rs.51,035,278 [Previous Year : Rs. 50,935,278]) - Prepaid expenses - Others	28,824,897 13,691,588 2,814,904	15,315,309 13,156,922 1,629,520
	4,053,777,837	966,675,327
* Secured by hypothecation of vehicles and / or charge over current assets		
15) Other Current Assets		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
(Unsecured, considered good, unless otherwise stated) Interest Accrued Not Due-Fixed Deposits Interest Accrued Not Due- Vehicle Finance Repossessed automobile assets	8,787,557 56,488,979 2,789,427	7,039,103 16,600,291 1,437,238
	68,065,963	25,076,632
16) Capital and other Commitments		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Loans sanctioned but not disbursed (awaiting completion of documentation formalities by borrower) Undrawn credit limits by dealers relating to vehicle finance	22,065,098 847,876,861	8,599,000 -
17) Revenue From Operations		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2014 (Rs.)
Interest On Loans - Vehicle Finance Subvention Income Other Financial Services Loan Processing Fees Documentation charges Other Operating Income	860,965,101 5,462,752 36,847,387 3,922,628 12,966,619	135,773,058 1,265,304 14,661,176 1,507,615 628,323
	920,164,487	153,835,476

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

18) Other Income		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Interest on Fixed Deposits	79,303,021	105,829,642
Net gain on foreign currency transaction and translation	-	716,354
Miscellaneous Income	187,428	29,687
	79,490,449	106,575,683
19) Employee Benefits Expenses		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Salaries, Bonus and Allowances	186,737,738	145,731,088
Contribution to Provident Fund and Other Funds (Refer note (a) below)	14,422,162	11,606,325
Gratuity (Refer note (b) below)	1,718,206	2,116,632
Staff Welfare	4,139,352	3,435,779
	207,017,458	162,889,824
(a) Defined Contribution Plan		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Amount recognised in the Statement of Profit and Loss		
i) Provident fund paid to the authorities	7,048,060	5,492,316
ii) Pension fund paid to the authorities	6,102,176	5,021,538
iii) EDLI & others	1,271,926	1,092,471
	14,422,162	11,606,325
(b) Defined Benefit Plan		
Gratuity		
<p>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.</p> <p>The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. The Company has taken a group gratuity policy with Life Insurance Corporation (LIC) which is partially funded. Gratuity Fund is administered through Trustees and/or LIC and is a recognised fund under the Income Tax Act, 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.</p>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Description of Benefit Plans	Funded Gratuity	
	March 31, 2014	March 31, 2013
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	2,789,089	621,090
Current service cost	1,872,285	1,725,608
Interest cost	372,388	199,469
Benefits paid	-	-
Actuarial (gain) / loss on obligations	(451,490)	242,922
Closing Balance: Present value of obligation	4,582,272	2,789,089
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	1,360,741	-
Expected return on plan assets	188,337	-
Contributions made	3,146,554	1,309,374
Benefits paid	-	-
Actuarial gain / (loss) on plan assets	114,351	51,367
Closing Balance: Fair value of plan assets	4,809,983	1,360,741
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	4,582,272	2,789,089
Closing Balance: Fair value of plan assets	4,809,983	1,360,741
Unrecognised past service cost	-	-
Net Asset / (Liability) recognised in Balance Sheet *	227,711	(1,428,348)
D) Expenses recognised in the Statement of Profit and Loss		
Current service cost	1,872,285	1,725,608
Interest cost	372,388	199,469
Expected return on plan assets	(188,337)	-
Net actuarial (gain) / loss recognized	(565,841)	191,555
Total Expenses * (included under Employee benefits in Note 19)	1,490,495	2,116,632
E) Actual return on plan assets	302,688	51,367
F) Actuarial assumptions*		
Discount rate	9.15%	8.00%
Expected rate of return on plan assets	8.50%	8.00%
Rate of increase in compensation levels	9.00%	8.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Attrition rate			
- Age (Years)			
21-30		10.00%	10.00%
31-40		5.00%	5.00%
41-59		3.00%	3.00%
Description of Benefit Plans	Funded Gratuity		
		March 31, 2014	March 31, 2013
Mortality rate	Indian Assured Life	LIC (1994-96) ultimate	
Retirement Age	Mortality (2006-08) Ult 60 years	60 years	
G) Major category of Plan assets			
Insurer Managed Funds		100.00%	100.00%
H) Amount for the current and previous two years is as follows: #			
Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Defined Benefit Obligation	4,582,272	2,789,089	621,090
Plan Assets	4,809,983	1,360,741	-
Surplus / (deficit) *	227,771	(1,428,348)	(621,090)
Experience adjustments on plan liabilities	(193,545)	(538,064)	-
Experience adjustments on plan assets	114,351	51,367	-
I) Expected contribution to the funds next year			
Particulars	March 31, 2014		March 31, 2013
Gratuity Fund	2,000,000		2,000,000
<p>* Net asset to the extent of Rs. 227,711 has not been recognised in the balance sheet as the company does not have enforceable right and the same has been charged off to the Statement of Profit & Loss as Employee benefits expense.</p> <p># The company was incorporated in May 2011. The first financial was reported for the period ended March 31, 2012. Hence previous two years figures are furnished.</p> <p>The estimates of future salary increases, considered in the actuarial valuation take account of inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.</p>			
20) Finance Cost			
Particulars	April 1, 2013 to March 31, 2014 (Rs.)		April 1, 2012 to March 31, 201 (Rs.)
Interest Expenses:			
- Term Loan	484,322,009		26,505,754
- Bank Overdraft	16,500,471		-
- On delayed payment of statutory and other dues	417,618		132,592
	501,240,098		26,638,346

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

21) Depreciation and Amortisation Expense		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Depreciation on Tangible Assets	26,633,278	24,483,615
Amortisation of Intangible Assets	19,415,706	16,130,861
	46,048,984	40,614,476
22) Other Expenses		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Rent (Refer note 24 below)	37,660,435	38,215,645
Electricity & Fuel	1,512,652	1,455,043
Repairs and Maintenance - others	3,050,156	6,249,999
Insurance	529,320	551,789
Rates & Taxes#(infusion in Share capital)	11,001,001	181,452
Travelling	20,985,770	21,200,365
Auditor's Remuneration		
- Statutory Auditor	4,200,000	2,800,000
- Tax Audit	200,000	350,000
- Other Services	600,000	750,000
- Reimbursement of expenses	387,402	93,780
Professional and consultancy*	105,346,914	98,101,238
Recruitment Expenses	3,423,417	4,506,373
Printing and Stationery	393,643	626,628
Communication	7,932,509	5,866,938
Information Technology services	43,392,451	34,218,056
IT Stationary & Software	11,266,341	4,410,232
Collection Charges	11,108,525	5,718,682
Marketing	11,943,096	7,266,836
Advertisement	566,735	3,063,812
Postage and Courier	1,381,994	965,251
Entertainment	1,466,296	1,602,521
Commission to Dealers	148,693,089	57,935,662
Stamp Duty Charges (Net of reimbursement of Rs 15,409,871)	1,472,176	505,431
Conference	2,210,318	830,648
Loss on Sale of Repossessed Vehicles	103,957	-
Provision for Doubtful Advances	-	545,000
Computer Software written off	11,288,826	2,001,689
Diminution in value of re-possessed assets	610,000	100,000
Miscellaneous	1,575,702	1,204,851
	444,302,725	301,317,921
<p>*Professional and consultancy expenses during current year includes expenditure incurred Rs. 87,041,685 (March 31, 2013 : Rs. 86,191,747) towards carrying back office operations relating to retail loan finance, carried out by a third party.</p> <p># includes an amount of Rs. 3,750,000 (previous year Rs. Nil) as stamp duty and Rs. 6,898,000 (previous year Rs. Nil) as filing fees for increase in authorised and paid up equity share capital.</p>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

23) Expenditure in foreign currency		
Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Professional fees	238,120	1,624,319
Travel	2,366,421	3,066,877
Recruitment / Relocation	-	111,266
Training	554,946	222,512
Information Technology	119,099	278,249
	3,278,586	5,303,223
24) Operating Leases		
<p>The Company has entered into operating lease agreements for office premises. The leases for the office premises are non-cancellable in nature for a period 3 to 5 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 31,497,072 (Previous Year: Rs. 31,172,072) in respect of these leases.</p> <p>The Company has entered into operating lease agreements for employee residences. The leases for these premises are non-cancellable in nature for a period 2 years. The leases provide for upto 5% increase in rent within the non-cancellable period. The Company has paid refundable interest free security deposits of Rs. 5,600,000 (Previous Year: Rs. 4,650,000). The actual rent paid is recovered from these employees. The excess of the equalised rent over the rent recovered is expensed off in the books.</p>		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
(a) Lease payments recognised in the Statement of Profit and Loss during the year / period	37,660,435	38,215,645
(b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows :		
- Not later than one year	39,437,327	40,106,777
- Later than one year but not later than 5 years	52,734,595	82,130,125
- Later than five years	-	-
25) Taxation		
<p>a) The Company is in the process of conducting a study on the transfer pricing rule for the year ended March 31, 2014. Adjustment to provision for taxation if any on completion of the transfer pricing study is not currently ascertainable.</p> <p>b) No provision for taxation has been made in these financial statements in view of taxable losses for the year.</p>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

26) Deferred Tax Liabilities (Net)		
Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Deferred Tax Liabilities		
Depreciation	2,962,433	9,715,229
Preliminary Expenses	2,596	2,596
Rent equalisation disallowance	234,824	-
	3,199,853	9,717,825
Deferred Tax Asset		
Provision for Leave encashment	63,605	820,512
Provision for Gratuity	557,580	686,875
Contingent provision for standard assets	7,046,313	2,854,254
Provision for Non Performing Assets	5,494,167	737,455
Diminution in value of re-possessed assets	197,953	32,451
Provision for Bonus	-	4,809,283
Expenses disallowed for non deduction of tax at source	3,463,738	-
Interest over due on NPA Deferred	436,703	90,049
Provision against doubtful advances	-	176,860
Rent equalisation disallowance	-	577,309
Employee welfare (Statutory dues)	-	299,335
	17,260,059	11,084,383
Net Deferred Tax Asset / (Liability)	-	-
<p>Deferred Tax Asset and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws. Deferred Tax Asset is recognised to the extent of Deferred Tax Liability available for set off.</p>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

27) Earning Per Share			
Particulars		April 1, 2013 to March 31, 2014* (Rs.)	April 1, 2012 to March 31, 2013* (Rs.)
Loss after Tax	A	(237,598,329)	(282,117,408)
<u>Number of Equity Shares:</u>			
Number of shares at the beginning of the period		260,000,000	260,000,000
Equity shares allotted on September 17, 2013		192,307,692	-
Weighted average number of equity shares outstanding	B	363,266,596	260,000,000
Basic and Diluted EPS	A/B	(0.65)	(1.09)
Face value per share (Rs.)		10	10
28) Management Recharge			
Management recharge represents the following expenses charged by Toyota Financial Services Corporation, Japan, the holding Company based on the 'Reimbursement Agreement' entered into between the Company and the holding Company.			
Particulars		April 1, 2013 to March 31, 2014* (Rs.)	April 1, 2012 to March 31, 2013* (Rs.)
Professional fees		238,120	1,624,319
Travelling expenses		216,706	989,720
Relocation expenses		-	111,266
Training expenses		554,946	66,630
Total		1,009,772	2,791,935
* included in Note 21 "Other expenses"			
29) Segment Reporting			
In accordance with Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segment is providing vehicle finance and it has no other primary 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, 2014. 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.			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

30) Related Party Disclosures

a) Names of related parties and nature of relationship:

Nature of relationship

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

Names of related parties

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

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

Nature of transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries Toyota Kirloskar Motor Private Limited	Fellow Subsidiaries Toyota Motor Sales, USA	March 31, 2014	
					Key Management Personnel	Total
Transactions: Remuneration to Director Management Recharge (Refer note 28 above) Allotment of Equity Shares (including securities premium of 57,69,23,076)	- - -	- 1,009,772 2,500,000,000	- - -	- - -	21,744,254 - -	21,744,254 1,009,772 2,500,000,000
Balances as at year end: Trade Payables	-	-	-	-	-	-
					March 31, 2013	(Amount in Rs.)
Nature of transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries Toyota Kirloskar Motor Private Limited	Fellow Subsidiaries Toyota Motor Sales, USA	Key Management Personnel	Total
Transactions: Remuneration to Director Training expenses Management Recharge (Refer note 28 above)	- 15,119 -	- - 2,791,935	- - -	- 140,763 -	19,161,576 - -	19,161,576 155,882 2,791,935
Balances as at year end: Trade Payables	-	-	-	140,763	-	140,763

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

31) Additional information in terms of the RBI circular (Ref. No: DNBS (PD).CC.No. 125/03.05.002/2008-09) dated August 1. 2008		
i) Capital to Risk Assets Ratio (CRAR)		
Items	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
CRAR (%)	32.74	55.23
CRAR - Tier I Capital (%)	32.51	55.00
CRAR - Tier II Capital (%)	0.23	0.23
ii) Exposure to Real Estate Sector		
Category	As at March 31, 2014	As at March 31, 2013
A. Direct exposure		
(i) Residential mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
Residential	-	-
Commercial Real Estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

iii. Maturity pattern of certain assets and liabilities as at March 31, 2014

As on March 31, 2014

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks									
Term Loan	830,000,000	550,000,000	650,000,000	1,650,000,000	2,050,000,000	2,500,000,000	-	-	8,230,000,000
Bank Overdraft	150,877,895	-	-	-	-	-	-	-	150,877,895
<u>Market borrowings</u>									
Commercial Papers	-	-	-	-	-	-	-	-	-
Non Convertible Debentures	-	-	-	-	-	-	-	-	-
Payable to Vehicle financing dealers	119,435,295	-	-	-	-	-	-	-	119,435,295
Assets *									
Advances - Retail Financing (net of NPA provision)	275,609,083	263,765,250	266,490,047	811,102,929	1,679,026,200	5,880,482,045	2,250,086,524	91,436,705	11,517,998,783
Advances - Dealer Financing	-	697,123,139	-	-	-	-	-	-	697,123,139
Fixed Deposits	300,000,000	-	140,000,000	-	-	-	-	-	440,000,000
As on March 31, 2013									
	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	-	-	400,000,000	-	1,550,000,000	-	-	-	1,950,000,000
Payable to Vehicle financing dealers	85,775,269	-	-	-	-	-	-	-	85,775,269

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

Assets *									
Advances - Retail Financing (net of NPA provision)	75,248,326	73,950,273	75,329,189	228,255,614	475,068,749	1,889,356,783	678,109,891	23,873,146	3,519,191,971
Fixed Deposits	120,513,107	-	80,000,000	-	220,000,000	-	-	-	420,513,107

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

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) and relied upon by the auditors.

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

Amount in Rs

Particulars	31-Mar-14	31-Mar-13
a. Person involved		
Borrowings from banks	2,215,000	2,730,000
Total	2,215,000	2,730,000
b. Type of Fraud		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	2,215,000	2,730,000

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

34) The Company is in the process of recruiting a whole time Company Secretary and accordingly the financial statements have not been authenticated by a whole time Company Secretary as required under Section 383A of the Companies Act 1956.

35) 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 35 forms part of the financial statements and to the above notes.

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia

Partner

Membership No. 100681

Bangalore

May 13, 2014

Kazuki Ogura

Managing Director &

CEO

Bangalore

May 13, 2014

Mao Saka

Director

Bangalore

May 13, 2014

ANNEXURE

Particulars Of Employees' Remuneration Drawing More Than Rs. 5 Lakhs Per Month Or Rs. 60 Lakhs Per Annum As Per Section 217(2a) Of The Companies Act, 1956

NAME	AGE	QUALIFICATION	EXPERIENCE IN YEARS	LAST EMPLOYMENT	DESIGNATION & NATURE OF DUTIES	TOTAL REMUNERATION IN CRORES
Kazuki Ogura	52	Commercial Degree	30	n/a	MD & CEO	2.17
Naoki Tokuhisa	38	BA in Politics	14	----	CFO & SVP – Business Strategy	1.32
Vinod Cherumadathil	32	Executive Master of Business Administration	13	ANAG Financial Services GmbH	Senior Vice President Business Strategy	1.44

Note: Remuneration comprise total employee CTC and Annual performance allowance

None of the employees are related to any director of the Company

None of the employees own 2% or more of the outstanding shares of the Company on March 31, 2014

The nature of employment is contractual in all the above cases.

For and on behalf of the Board of Directors

Date: May 13, 2014

Place: Bangalore

Kazuki Ogura

Managing Director

Mao Saka

Director

ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)

Companies Prudential Norms (Reserve Bank) Directions, 2007

(All amounts in Rupees '000)

Liabilities Side		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
Particulars	Amount outstanding	Amount overdue
(a) Debentures : Secured	-	-
: Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Intercompany loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (Working Capital Loans from Banks)	8,380,878	-
Asset Side		
Particulars	Amount Outstanding	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	12,234,325	
(b) Unsecured*	-	
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	
(b) Operating lease	-	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	
(b) Repossessed Assets	-	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	2,789	
(b) Loans other than (a) above	12,234,325	
(4) Break-up of Investments :		
Current investments:		
1. Quoted		
(i) Shares: (a) Equity	-	
(b) Preference	-	

ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014
Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company (All amounts in Rupees '000)

(ii) Debentures and Bonds	-		
(iii) Units of Mutual funds	-		
(iv) Government Securities	-		
(v) Others (please specify)	-		
2. Unquoted			
(i) Shares: (a) Equity	-		
(b) Preference	-		
(ii) Debentures and Bonds	-		
(iii) Units of Mutual funds	-		
(iv) Government Securities	-		
(v) Others (Certificate of Deposits, Commercial Paper & PTC)	-		
* Excludes advance income tax/tax deducted at source (net of provisions) and other advances (not related to lending activity)			
Long Term investments			
Particulars	Amount Outstanding		
1. Quoted			
(i) Shares: (a) Equity	-		
(b) Preference	-		
(ii) Debentures and Bonds	-		
(iii) Units of Mutual funds	-		
(iv) Government Securities	-		
(v) Others (please specify)	-		
2. Unquoted			
(i) Shares: (a) Equity	-		
(b) Preference	-		
(ii) Debentures and Bonds	-		
(iii) Units of Mutual funds	-		
(iv) Government Securities	-		
(v) Others (please specify)	-		
(5) Borrower group-wise classification of assets financed as in (2) and (3) above:			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	12,215,122	-	12,215,122
Total	12,215,122	-	12,215,122

ANNEXURE 1 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014
Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company *(All amounts in Rupees '000)*

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-
(7) Other Information		
Particulars	Amount	
(i) Gross Non Performing Assets		
(a) Related Parties	-	
(b) Other than related parties	32,305	
(ii) Net Non-Performing Assets		
(a) Related Parties	-	
(b) Other than related parties	13,102	
(iii) Assets acquired in satisfaction of debt	2,789	

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- 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

ANNUAL GENERAL MEETING

Notice is hereby given that the third Annual General Meeting of the members of Toyota Financial Services India Limited will be held on Tuesday, May 13, 2014 at the registered office of the Company at No. 21 Centropolis, First Floor, 5th Cross, Langford Road, Shanti Nagar, Bangalore-560025 at 5.30PM to transact the following business at shorter notice.

ORDINARY BUSINESS:

Item No 1 – Adoption of Audited Statement of Accounts, Auditors' Report and Director's Report:

To receive, consider and adopt the audited statement of accounts for the year ended March 31, 2014 and the reports of the Board of Directors' and Auditors' thereon.

Item No 2 – Appointment & Remuneration of Auditors:

To appoint M/s Price Waterhouse, Chartered Accountants, Mumbai as Statutory Auditors to hold office from the conclusion of this meeting until conclusion of the Sixth Annual General meeting and fix their remuneration.

Item No 3 – Re-appointment of Mr. Kazuki Ogura:

To appoint a director in place of Mr. Kazuki Ogura, who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

Item No 4 – Appointment of Mr. Naomi Ishii as Director:

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

***“RESOLVED THAT** Mr. Naomi Ishii, appointed as an Additional Director, in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation;*

***RESOLVED FURTHER THAT** any Director of the Company be and is hereby authorized to do all such acts, deeds matters and things as may be required for the purpose of giving effect to the above resolution.”*

Item No 5 – Appointment of Mr. Narayanaswamy Raja as Director:

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

***“RESOLVED THAT** Mr. Narayanaswamy Raja, appointed as an Additional Director, in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation;*

***RESOLVED FURTHER THAT** any Director of the Company be and is hereby authorized to do all such acts, deeds matters and things as may be required for the purpose of giving effect to the above resolution.”*

Item No 6 –Revision in remuneration of Mr. Kazuki Ogura, Managing Director & CEO:

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

“RESOLVED THAT pursuant to the provisions of section 197 and 203 read with schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of such other authorities as may be required, the consent of the members, be and is hereby accorded that the remuneration payable to Mr. Kazuki Ogura, Managing Director & CEO of the Company consisting of Basic pay, HRA, Other allowances, and Employer PF contributions to Rs. 24,27,229/- per month for the remaining period of his tenure in office, with effect from April 1, 2014;

RESOLVED FURTHER THAT Mr. Kazuki Ogura, Managing Director & CEO shall be entitled for the reimbursement of actual entertainment, traveling, boarding, and lodging expenses and such other expenses incurred by him in connection with the Company’s business;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have absolute power to decide breakup of the remuneration and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.”

Item No 7 – Modification to provide Inter Corporate Loans/Loan & investment by company:

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

“RESOLVED THAT in supersession of earlier resolution passed by the Shareholders in the meeting held on August 27, 2013 and pursuant to the provisions of Section 186 of the Companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations, alterations and modifications, if any, as may be prescribed and specified by such authorities while granting such approvals and which may be agreed by the Board of Directors of the Company, the consent of the members, be and is hereby accorded to the Board of Directors of the Company to provide loans in excess of 60% of the aggregate of paid up share capital, free reserves and Securities Premium Account or 100% of the aggregate of the free reserves and Securities premium Account of the Company as per the limits prescribed under Section 186 to such body corporate(s) in the normal course of business of the Company subject to the maximum aggregate amount not exceeding INR 50,000 million at any time together with the existing loans and investments;

RESOLVED FURTHER THAT Mr.Kazuki Ogura, Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution”.

Item No 8 –Power to borrow money in excess of the paid up capital and free reserves of the Company:

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

“RESOLVED THAT in supersession of earlier resolution passed by the Shareholders in the meeting held on August 27, 2013 and pursuant to the provisions of Section 180(1)(c) of Companies Act, 2013 or any amendment or modifications thereof, 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 time to time, as may be required for the purposes of the business of the Company, on such terms and conditions and with or without security as the Board of Directors may think fit, 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, subject to the proviso that such borrowings, together with monies already borrowed, shall not at any one time exceed Rs. 35,000 million (Rupees Thirty Five Thousand Million Only); provided however shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby 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.”

Item No 9 – Creation Of Charge(s) against the Money Borrowed:

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 the consent of the members be and is hereby accorded to authorize Board of Directors 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 wheresoever situated, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company, 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 debentures issued/ to be issued by the Company, which borrowings and facilities together with the existing ones shall not exceed an aggregate limit Rs. 35,000 million (Rupees Thirty Five Thousand Million Only);

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby 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.”

Item No 10 – Modification of Issue of Non-Convertible Debentures:

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

“RESOLVED THAT subject to the provisions of Section 180 (1) (c), Section 42, Section 71 of the Companies Act, 2013, and all other applicable provisions of the Companies Act 2013 and rules & regulations made there under, if any (including any other statutory modification or re-enactment thereof for the time being in force), 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, on such terms and conditions as may be determined by the Board of Directors; provided however that the aggregate amount raised through the issuance of the non-convertible debentures pursuant to the authority under this resolution shall not exceed INR 9,000 million (Rupees Nine Thousand Million only);

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded to the Board of Directors of the Company to determine the price at which any non-convertible debentures are being issued pursuant to the authority granted under the resolution referred to above, on the basis of the prevailing market conditions;

RESOLVED FURTHER THAT the Board of Directors 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”.

Item No 11 –Modification of Borrowing Money by Issue of Commercial Papers:

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

“RESOLVED THAT subject to the provisions of Section 180 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, to raise funds for its general corporate purposes by way of issuance of commercial papers, 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 commercial papers pursuant to the authority under this resolution shall not exceed INR 6,000 million (Rupees Six Thousand Million only) in [one or more series];

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 commercial papers are being issued pursuant to the authority granted under the resolution referred to above, on the basis of the prevailing market conditions;

RESOLVED FURTHER THAT the Board of Directors 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

Date: May 13, 2014

Place: Bangalore

Mao Saka

Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote instead of himself / herself and such a proxy need not be a member of the Company. For appointment of a proxy to be effective, the proxy form (enclosed) shall be duly filled, stamped, executed and lodged with the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.
2. Explanatory statement pursuant to section 102 of the Companies Act, 2013 is annexed hereto for item No. 4 to 11.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 4:

Mr. Naomi Ishii was appointed as an Additional Director of the Company with effect from January 31, 2014 pursuant to Section 161(1) of the Companies Act, 2013, read with Articles of Association of the Company. Mr. Naomi Ishii holds office of Director up to the date of the Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Naomi Ishii for the office of Director.

None of the Directors of the Company other than Mr. Naomi Ishii is interested or concerned in the resolution

His appointment is required to be regularized in this Annual General Meeting. The Board accordingly recommends the resolution for approval of the members.

ITEM NO. 5:

Mr. Narayanaswamy Raja was appointed as an Additional Director of the Company with effect from May 13, 2014 pursuant to Section 161(1) of the Companies Act, 2013, read with Articles of Association of the Company. Mr. Narayanaswamy Raja holds office of Director up to the date of the Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Narayanaswamy Raja for the office of Director.

None of the Directors of the Company other than Mr. Narayanaswamy Raja is interested or concerned in the resolution

His appointment is required to be regularized in this Annual General Meeting. The Board accordingly recommends the resolution for approval of the members.

ITEM NO. 6:

Statement as per section II of Part II of Schedule V to the Companies Act, 2013

I. GENERAL INFORMATION:

Sl.No	Particulars	Details	
a.	Nature of Industry	NBFC-Auto Financing Company	
b.	Date or expected date of commencement of commercial production	June 05, 2012	
c.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable	
d.	Financial performance based on given indicators	FY 2012 - 2013	FY 2013 - 2014
	Net Worth	Rs. 2,117,782,446	Rs. 4,380,184,113
	Profit/(Loss) after tax	Rs. (282,117,408)	Rs. (237,598,329)
e.	Export performance and net foreign exchange collaboration	NIL	
f.	Foreign investments or collaborations, if any	Toyota Financial Services Corporation, Japan is holding 99.99% in the share capital as on March 31, 2014.	

II. INFORMATION ABOUT THE APPOINTEE:

Sl.No.	Particulars	Details
a.	Background Details	Mr. Kazuki Ogura is the promoter director of the Company. He has served in the Toyota group for 30 years.
b.	Past Remuneration	Rs. 17,55,463/- p.m.
c.	Recognition of Awards	NIL
d.	Job Profile and his suitability	He has been instrumental in establishing the business of the Company in India. He is responsible for the strategic and operational decisions of the Company.
e.	Remuneration Proposed	Rs. 24,27,229/- per month
f.	Comparative remuneration profile with respect to industry, size of the company, profile of position and person	The proposed remuneration is in line with the remuneration prevailing in the Industry.
g.	Pecuniary relationship with the company or relationship with the managerial personnel, if any	Except for receiving remuneration as a Managing Director, Mr. Kazuki Ogura has no pecuniary relationship with the Company. He is not related to any other managerial personnel of the Company.

III. OTHER INFORMATION:

Sl.No.	Particulars	Details
a.	Reasons for loss or inadequate profits	'Toyota' is one of the country's top brands in automobile sector. The overall automotive market showed its worst performance since 10 years (2% overall growth of Passenger Vehicles) and the sentiment remains negative. Key reasons for this are mainly a high interest rate level, consistent raise in fuel price (+0.5 INR p. month) and increase of duty. Due to the overall negative market situation and since it has been only one year since the date of commencement of business, the Company is likely to see profits in the near future.
b.	Steps taken or proposed to be taken for improvement	As of end of March 2014, your Company is able to cover 75% of overall Toyota sales in India and is present in 44 locations and 122 Toyota dealerships. With 12,757 disbursed finance contracts, your Company was able to achieve an overall finance penetration of 13.6% in

Sl.No.	Particulars	Details
		FY 14. Your Company could secure since its business launch the No. 1 position within the field of "Inhouse-Finance"-Business (through the dealership). The overall business performance in FY 14 was broadly in line with the set targets and expectations. Your Company could not reach its plan with regard to its business volume, mainly due to the reduced Toyota sales versus plan.
c.	Expected increase in productivity and profits in measurable terms	It is difficult at this stage to quantify the effect of the measures taken/being taken by the Company to improve the overall performance in financial terms since it is majorly market driven. Efforts will continue to be made to recover as much of the adverse impact from the market to the extent practicable.

The Board recommends passing of the said resolutions as set out in Item No. 6 of the accompanying notice.

None of the Directors of the Company other than Mr. Kazuki Ogura is concerned or interested in passing of the resolution.

ITEM NO.7:

Toyota Financial Services India Limited is registered as a Non Banking Financial Company (NBFC) with Reserve Bank of India and incorporated under the Companies Act, 2013 as an Unlisted Public Limited Company and is engaged in the business of retail financing, retail leasing, fleet financing, dealer inventory financing, dealer working capital financing, factoring of dealer receivables, hire purchase installment sale, asset credit and other related after sale products with respect to vehicles.

The above stated activities would require enormous amount of finance, however, the current borrowing limits of the Company are not sufficient for smooth functioning of its business activities. Therefore in view of new opportunities, expanding business and meeting day to day financial commitments, the Company is required to grant inter corporate loans/loan and investment by Company from the present Rs. 10,000 million to Rs. 50,000 Million.

Further the provisions of Section 186 of the Companies Act, 2013 provides that the Board of Directors of a Company grant loans to other Body Corporates upto a limit of 60% of the Paid up Capital ,Free Reserves and Securities Premium Account or 100% of the Free Reserves and Securities Premium Account whichever is higher only with the approval of the Board. If the limit of the loan is exceeding than the limits as specified above then the shareholders has to grant their prior approval in a general meeting. The consent of the share holders is sought for an increase in the borrowing limits up to a limit of Rs. 50,000 Million in the annual general meeting. A resolution pursuant to section 186 of the Companies Act, 2013 relating to mortgage, hypothecation, charge or other encumbrances of the assets of the company is also required to be passed along with the increase in limits to provide inter corporate loans to such body corporate.

The Board recommends passing of the said resolutions as set out in Item No. 7 of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of the resolution.

ITEM NO. 8 - 11:

Toyota Financial Services India Limited is registered as a Non Banking Financial Company (NBFC) with Reserve Bank of India and incorporated under the Companies Act, 2013 as an Unlisted Public Limited Company and is engaged in the business of retail financing, retail leasing, fleet financing, dealer inventory financing, dealer working capital financing, factoring of dealer receivables, hire purchase installment sale, asset credit and other related after sale products with respect to vehicles.

The above stated activities would require enormous amount of finance, however, the current borrowing limits of the Company are not sufficient for smooth functioning of its business activities. Therefore 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 Rs. 29,000 million to Rs. 35,000 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 sought for an increase in the borrowing limits up to a limit of Rs. 35,000 Million in the forthcoming annual general meeting. A resolution pursuant to section 180(1)(a) of the Companies Act, 2013 relating to mortgage, hypothecation, charge or other encumbrances of the assets of the company is also required to be passed along with the increase in borrowing limits.

Further the provisions of Section 180 (1) (c) of the Companies Act, 2013 provide that the Board of Directors of a Company can issue securities, including debentures and Commercial Papers, whether in or outside India and the consent of Shareholders is required to list the Non Convertible Debentures

Further pursuant to Section 42 and Section 71 of the Companies Act, 2013, raising funds through the issuance of non-convertible debentures for a period of 1 year, and the issuance of the commercial papers within the borrowing limits approved by the shareholders through the special resolution passed on August 27, 2013, the Shareholders are being approached for providing necessary approvals to the Board of the Company.

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.

The Board recommends passing of the said resolutions as set out in Item No. 8 -11 of the accompanying notice.

None of the Directors of the Company is concerned or interested in passing of the resolution.

By order of the Board

Date: May 13, 2014
Place: Bangalore

Mao Saka
Director