ANNUAL REPORT
(FOR YEAR ENDED 31ST MARCH, 2020)

DAIMLER FINANCIAL SERVICES INDIA PRIVATE LIMITED

CIN: U67190TN2010FTC077890
Tek Meadows Campus, 1st Floor, Unit #1, Block B, No.51, Rajiv Gandhi Salai, Sholinganallur, OMR, Chennai-600119

BOARD'S REPORT
(FOR YEAR ENDED 31ST MARCH, 2020)

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Tek Meadows Campus, 1st Floor, Unit #1, Block B, No.51, Rajiv Gandhi Salai, Sholinganallur, OMR, Chennai-600119

BOARD'S REPORT

To

The Shareholders of
Daimler Financial Services India Private Limited.
CIN: U67190TN2010FTC077890

Your Directors have pleasure in presenting the Tenth Annual Report of your Company ('the Company or DFSI'), together with the Audited Accounts for the year ended 31st March 2020.

FINANCIAL RESULTS AND REVIEW OF BUSINESS OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The Company's performance during the year is summarized below:

Particulars	**2019-2020 (INR Lakhs)**	**2018-2019 (INR Lakhs)**	**Change**	**%**
Paid up Share Capital	137,917.00	137,917.00	-	-
Reserves and surplus	23,624.07	35,322.77	(11,698.70)	-33.12%
Total Borrowings	620,915.84	642,037.82	(21,121.98)	-3.29%
Total Portfolio	780,944.06	901,722.39	(120,778.33)	-13.39%
Fixed Asset	4,012.17	6,129.65	(2,117.48)	-34.54%
Total Revenues	90,892.82	96,963.99	(6,071.17)	-6.26%
Finance cost	48,397.09	55,558.12	(7,161.03)	-12.89%
Depreciation	1,747.14	2,649.21	(902.07)	-34.05%
Impairment allowance and write-offs	40,011.71	16,792.09	23,219.62	138.28%
All Other expenses	13,540.31	13,111.34	428.97	3.27%
Profit Before Tax	(12,803.43)	8,853.23	(21,656.66)	-244.62%

Particulars	**2019-2020 (INR Lakhs)**	**2018-2019 (INR Lakhs)**	**Change**	**%**
Portfolio loans	780,944.06	901,722.39	-120,778.33	-13.39%
Interest income	84,934.87	91,103.09	-6,168.22	-6.77%

During the year under review, the reserve and surplus stood at INR 23,624.07 Lakhs compared to INR 35,322.77 Lakhs last year, the total borrowings were INR 620,915.84 Lakhs compared to INR 642,037.82 Lakhs last year. The total portfolio during the year under review was INR 780,944.06 Lakhs against INR 901,722.39 Lakhs last year. Total revenue for the year under review stood at INR 90,892.82 Lakhs against INR 96,963.39 lakhs last year. Profit before tax for the year under review is INR (12,803.43) Lakhs against INR 8,853.23 Lakhs last year. The Company has written off an amount of INR 12,243.09 Lakhs during the year towards loans included in the above impairment allowance and write-offs.

INCREASE IN PAID-UP EQUITY SHARE CAPITAL

Your Directors wish to state that during the year under review, the Company did not make any issue or allotment of any shares.

SHARE CAPITAL

At present the authorized share capital of the Company is INR 20,000,000,000. The paid-up equity share capital of the Company is INR 13,791,700,000. The Company continues to be a wholly owned (100%) subsidiary of Daimler AG, Germany.

EXTRACT OF THE ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 in Form MGT 9 is attached as Annexure 1 to this Report and is also available in the Company's website https://www.daimlerfinancialservices.in/.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. The Board of Directors / Committee Meetings are pre - scheduled and the details are circulated to all the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board of Directors meeting. During the financial year 2019- 2020, the Board of Directors met 10 times on 29/04/2019, 18/06/2019, 09/07/2019, 19/08/2019, 19/09/2019, 13/11/2019, 16/12/2019, 30/01/2020, 28/02/2020 and 18/03/2020. The maximum interval between any two meetings did not exceed 120 days.

COMMITTEES OF THE BOARD

In terms of the extant RBI Guidelines on Corporate Governance and Disclosure norms for NBFC's issued from time to time on adopting best practices and greater transparency in the operations, the Board of Directors of the Company have duly constituted Audit Committee, Nomination Committee, Asset Liability Management Committee, IT Strategy Committee and Risk Management Committee as a voluntary requirement under the Guidelines for Corporate Governance issued by the Reserve Bank of India applicable to NBFC's from time to time.

AUDIT COMMITTEE

Being a Private Limited Company, the provisions of Section 177 of the Companies Act, 2013 relating to constitution of Audit Committee are not applicable to the Company. However, in terms of RBI regulations and guidelines, all applicable NBFCs are required to constitute an Audit Committee, consisting of not less than three members of its Board of Directors. In compliance with the said requirement, the Company has constituted an Audit committee. The following are the list of Directors of the Audit Committee as on date:

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a. Mr. Friederich Weick
b. Mr. Ramasami Muthaiyah
c. Ms. Virginia Irene Azavedo

The Company has also constituted Asset Liability Management Committee, Risk Management Committee, IT Strategy Committee in compliance with the RBI regulations and requirements.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

Being a Private Limited Company, the provisions of Section 178 of the Companies Act, 2013 relating to constitution of Nomination and Remuneration Committee are not applicable to the Company. However, the Company has constituted a Nomination and Remuneration Committee to fall in line with the RBI guidelines for ensuring Corporate Governance guidelines on "Fit and Proper" criteria for the Directors. The following are the list of Directors of the Nomination and Remuneration Committee as on date:

a. Mr. Friederich Weick
b. Mr. Ramasami Muthaiyah
c. Ms. Virginia Irene Azavedo

INTERNAL SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERNS STATUS OF THE COMPANY

No orders have been passed by any Regulator or Courts or Tribunals impacting the going concerns status of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e)Internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITOR'S REPORT

No qualifications, reservation or adverse remark or disclaimer were made by the Statutory Auditors in the report, save and except,

- the emphasis of matter was drawn on the Covid-19 Regulatory package given to customers and the uncertainty on impairment loss and future developments on account of Covid-19

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Being an NBFC the provisions of Section 186 of the Companies Act, 2013, relating to particulars of loans, guarantees or investments made by the Company are not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

During the year, the Company has entered into material transaction with related parties, under Section 188 of the Companies Act, 2013 on an arm's length basis. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report as an Annexure. The Policy on Related Party Transactions of the Company is available in the website of the Company https://www.daimlerfinancialservices.in/

RESERVES

Your Company proposes to net off the current year's Loss after tax amounting to INR 11,698.70 against its accumulated profits

Your Company does not propose to transfer any amount to Statutory Reserve, as there is loss during the financial year 2019-20 and this is in line with Reserve Bank of India Act, 1934.

DIVIDEND

Your Directors do not recommend any dividend on the equity shares of the Company for this financial year under review due to conservation of Profits and for supporting future growth plans of the Company.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Ms. Asmaa Auraha Hermiz Jamil, Whole Time Director of the Company has resigned from the Directorship of the Company from the close of business hours of 31st May, 2020.

Apart from the above change, there were no other material changes and commitments affecting the financial position of the Company, which have, occurred between the end of the financial year to which these financial statements relate to and the date of this report.

IMPACT OF COVID-19

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statement, is dependent on such future developments, which are highly uncertain.

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In accordance with the Board approved moratorium policy read with the RBI guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium up to three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to select borrowers in accordance with the Company's policy approved by its Board. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Estimates and associated judgments/ assumptions applied in preparation of these financial statements including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available, the Company has used potential stress on probability of default and loss given default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans (including write offs) of INR 40,011.72 lakhs including an additional impairment provision amounting to INR 5,269.65 lakhs during the year. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statement on a prudent basis. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position on an on-going basis. The Company will continue to monitor any material changes to the future economic conditions.

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

The Company has no activity relating to conservation of energy or technology absorption.

The total Foreign Exchange earned was Nil and payable exposure as at March 31, 2020 was INR 2,802.13 Lakhs.

RESOURCE MOBILISATION AND TREASURY

The Company during the year under review in order to support the growth of business at lower interest rates had shifted the mix of borrowings towards market borrowings from bank funding. This activity was completed without making any compromise to the right mix of long term and short-term borrowings and thereby maintaining a healthy asset liability position.

As a part of the overall funding plan, the Company's working capital limits with multiple banks were at INR 7,047 Crores and amount utilized as on 31st March 2020 is INR 4718.70 Crore (which includes Commercial Paper outstanding of INR 300 Crores). During the year, the Company had also issued several tranches of Commercial paper aggregating to INR 5,550 Crores. The maximum amount outstanding of Commercial Paper issuance at any month end during FY 19-20 was INR 1,550 crores and the amount outstanding at the end of the year was INR 1,300 Crores.

During the year, the Company has raised term funding from capital markets in the form of Listed Non-convertible debentures on private placement basis to the tune of INR 400 Crores in order to mobilize funding needs of the Company and the amount outstanding at the end of the year was INR 495 Crores.

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CREDIT RATINGS

During the financial year under review, all the borrowings of the Company have been rated. The ratings are as follows.

Facility	Rating agency	As on 31 March 2020	Rating agency	As on 31 March 2020
Long term rating	CRISIL	CRISIL AAA / Negative		
Short term rating	CRISIL	CRISIL A1+	India Rating	IND A1+
Non-convertible debentures	CRISIL	CRISIL AAA / Negative		
Commercial papers	CRISIL	CRISIL A1+	India Rating	IND A1+

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Risk Management is an integral part of the Company's business strategy. The Company, being in the business of financing of Commercial vehicles and Passenger cars, in the retail segment, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and Operational risk. The Company has formulated and adopted a comprehensive Risk Management Policy.

The Company manages credit risk through stringent credit norms established through several years of global experience in this line of business and continues to follow the time-tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company is put to best use and acts to mitigate credit and other risks.

Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors the ALM periodically in order to mitigate the liquidity risk. The Company also measures the interest rate risk through regular and periodic ALM committee meetings.

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by internal as well as specialized external resources / audits. Process improvements and quality control are on-going activities carried out by the Company in line with the global standards.

The technology platform supporting the business has been redesigned and upgraded in stages to meet the long-term needs.

CORPORATE SOCIAL RESPONSIBILITY

The Company has framed its own CSR Policy in consonance with the provisions of the Companies Act, 2013 read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014. Further, the Company has implemented the said policy by undertaking many CSR initiatives during the year under review. The CSR policy of the Company is available in the website of the Company https://www.daimlerfinancialservices.in/

A detailed statement on CSR of the Company and Annual Report on CSR activities is annexed hereto and marked as an Annexure which forms an integral part of this Board Report.

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VIGIL MECHANISM

The Company has adopted the Daimler global guideline on vigil mechanism and Mr. Friederich Weick, Managing Director, is appointed as the Director responsible for the purpose of Vigil Mechanism. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management discussion and analysis report is attached as an Annexure and forms part of this report.

DETAILS OF THE DIRECTORS APPOINTED OR RESIGNED DURING THE YEAR

Your Company's directors as on date are Mr. Friederich Weick, Mr. Ramasami Muthaiyah, and Ms. Virginia Irene Azavedo.

During the year under review there has been no change in the Directors of the Company, however Ms. Asmaa Auraha Hermiz Jamil has resigned from Directorship w.e.f. 31st May, 2020.

DEBENTURE TRUSTEE

The Debenture Trustees of the Company are IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai.

REMUNERATION OF NON - EXECUTIVE DIRECTORS

There is no remuneration or sitting fees being paid to the non-executive directors.

STATUTORY AUDITORS

M/s B S R & Co LLP, Chartered Accountants, (Registration Number: 101248W/W-100022) were appointed as Statutory Auditors for a period of 01 (One) year (i.e. till the conclusion of the Annual General Meeting to be held in 2020) in the 9th Annual General Meeting held on 26th August 2019. They will be retiring as Statutory auditors to serve the cooling period after serving 10 years. The appointment and payment of remuneration of new auditors are to be confirmed (for Financial Year 2020-21), ratified and approved in the next board meeting and ensuing Annual General Meeting.

INTERNAL AUDITORS

Mr. Upendra Sharma, has been appointed as Internal Auditor of the Company w.e.f. 1st December, 2018 pursuant to Section 138 of the Companies Act, 2013 and Rule 13 of the Companies (Accounts) Rules, 2014 read with RBI regulations. Further M/s Ernst & Young (EY), is providing support and is working with Mr. Upendra Sharma to conduct the Internal Audit.

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INTERNAL CONTROL SYSTEMS

The Directors wish to state that the Company has in place adequate internal control systems for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, provide reasonable assurance with regard to information and maintenance of proper accounting records, the economic efficiency of operations, safeguarding of assets against unauthorized use or losses, prevention and detection of frauds and errors, and the reliability of financial and operational information. Further, the Directors, have also laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

SECRETARIAL AUDIT REPORT

The Company has appointed M/s. Vinod Kothari & Co. as Secretarial Auditors of the Company under Section 204 of the Companies Act, 2013. The Secretarial Audit Report forms part of the Annual Report of the Company. The observations and comments given by the Secretarial Auditor in their Report are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

During the year under review, the company has adopted the policy for prevention of Insider Trading in DFSI's Securities in accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015. The policy is uploaded in the website of the Company https://www.daimlerfinancialservices.in/.

MAINTENANCE OF COST RECORDS

The Central Government has not specified maintenance of cost records, for any of the products of the Company, under Section 148 (1) of the Act.

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.
The company is a systemically important non-deposit accepting Non - Banking Finance Company (SI - ND - NBFC).

ASSET FINANCE COMPANY

Your company is classified as an Asset Finance Company (AFC) by the Reserve Bank of India (RBI).

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy and has duly constituted an Internal Complaints Committee (ICC) in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, one complaint on sexual harassment was received in the Committee which was duly investigated and closed within the timelines as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

REPORTING OF FRAUDS BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143

NIL.

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CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio ("CAR") of the Company was 18.92% as on March 31, 2020 (18.81% as at March 31, 2019) against the CAR of 15.00% prescribed for the Company by the RBI.

COMPLIANCE UNDER RBI GUIDELINES

Your Company continues to carry on its business of Non-Banking Finance Company as a Non-Deposit taking Company and follows prudent financial management norms as applicable. The Company has complied and continues to comply with all the applicable Regulations, Circulars and Guidelines issued by the Reserve Bank of India from time to time.

The Company has complied with applicable provisions of the Companies Act, 2013, the RBI Act, 1934 and other applicable rules/regulations/guidelines issued from time to time.

INSURANCE CORPORATE AGENCY

Your Company is registered with the Insurance Regulatory and Development Authority of India as a Corporate Agent. As on date, your Company acts as a Corporate Agent for the following insurance companies, viz., Reliance General Insurance Company Limited, ICICI Lombard General Insurance Company Limited and Tata AIG General Insurance Company Limited.

The Company has complied with applicable provisions of the Insurance Act 1938, the Insurance Regulatory and Development Authority of India Act, 1999, IRDAI (Registration of Corporate Agents) Regulations, 2015 and other applicable rules/regulations/guidelines issued from time to time.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for co-operation and support extended by the Parent Company Daimler AG, Daimler Financial Services AG and Daimler South East Asia Pte Ltd., from time to time.

Your Directors thank for the assistance and co-operation received from fellow Daimler subsidiary Companies, Daimler India Commercial Vehicles Private Limited and Mercedes - Benz India Private Limited.

Your Directors would like to thank all the Company's Business Partners, Suppliers, Bankers, Vendors and Customers for their continued support during the year.

Your Directors acknowledge the support of Government, Semi-Government, Reserve Bank of India, Stock Exchange and other Government Departments and Governmental Agencies for their co-operation during the year and look forward to have the same support in future too.

Your Directors also wish to place on record their appreciation of the devotion, dedication and sense of commitment shown by employees at all levels.

For and on behalf of the Board of Directors

Date : June 26, 2020 Place : Pune	FRIEDERICH WEICK MANAGING DIRECTOR DIN No: 07044120	RAMASAMI MUTHAIYAH WHOLETIME DIRECTOR AND CHIEF FINANCIAL OFFICER DIN No: 02564287

Annexure I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U67190TN2010FTC077890
2.	Registration Date	29/10/2010
3.	Name of the Company	Daimler Financial Services India Private Limited
4.	Category/Sub-category of the Company	Private Limited Company /Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office & contact details	Tek Meadows Campus, 1st Floor, Unit #1, Block B, No.51, Rajiv Gandhi Salai, Sholinganallur, OMR, Chennai-600119 Tamil Nadu, India.
6.	Whether listed company	Debt Listed – Private Limited Company
7.	Name, Address & Contact details of the Registrar & Transfer Agent, if any – For NCD issuance	Karvy Computershare Private Limited Karvy Selenium Tower – B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Link Intime India Private Limited C101, 247 Park, LBS Marg, Vikhroli West, Mumbai-400083.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover INR Lakhs	% to total turnover of the company
1	Retail Vehicle Loan	64920	68,977.96	76.08%
2	Wholesale loan	64920	15,906.78	17.54%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	NAME AND ADDRESS OFTHE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares Held	Applicable Section
1	Daimler AG	Foreign Company	Holding Company	100%	-

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category - Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1- April- 2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**				NIL					
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
SUB TOTAL:(A) (1)									
(2) Foreign									
a) NRI – Individuals									
b) Other Individuals		001*		100%		001*		100%	-
c) Bodies Corp.		1379,169,999				1379,169,999			-
d) Banks/FI									
e) Any other…									
SUB TOTAL (A) (2)		1379,170,000*		100%		1379,170,000*		100%	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		1379,170,000*		100%		1379,170,000*		100%	-

B. Public Shareholding				**NIL**					
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									

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Daimler Financial Services India Private Limited

d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub - total (B)(1):-									
2. Non – Institutions				**NIL**					
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)				**NIL**					
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		1379,170,000*		100%		1379,170,000*		100%	-

* One share is held by Mr. Friederich Weick as Nominee of Daimler AG

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Daimler Financial Services India Private Limited

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Daimler AG	1379,169,999	100	-	1379,169,999	100	-	Nil
2	Friederich Weick*	001		-	001		-	Nil
	Total	**1379,170,000****			**1379,170,000****			

B) Shareholding of Promoter-

* One share is held by Mr. Friederich Weick as Nominee of Daimler AG

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

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,379,170,000*	100%	1,379,170,000*	100%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): **No Change**				
3	At the end of the year	1,379,170,000*		1,379,170,000*	100%

* One share is held by Nominee of Daimler AG by Mr. Friederich Weick:

RM

D) Shareholding Pattern of Top Ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		NIL		
3	At the end of the year				

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

S.No	Shareholding of each Directors and each Key Managerial Personnel –	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. Friederich Weick – Managing Director – Nominee of Daimler AG**				
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year	001	0.00%	001	0.00%

* One share is held by Nominee of Daimler AG by Mr. Friederich Weick

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V) **INDEBTEDNESS -** Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
		(INR Lakhs)		(INR Lakhs)
Indebtedness at the beginning of the financial year	Nil		Nil	
i) Principal Amount		641,941.74		641,941.74
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		96.07		96.07
Total (i+ii+iii)	Nil	**642,037.81**	Nil	**642,037.81**
Change in Indebtedness during the financial year	Nil		Nil	
* Addition		1,745,232.54		1,745,232.54
* Reduction		1,769,370.96		1,769,370.96
Net Change	Nil	**(24,138.42)**	Nil	**(24,138.42)**
Indebtedness at the end of the financial year	Nil		Nil	
i) Principal Amount		617,899.39		617,899.39
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		3,016.45		3,016.45
Total (i+ii+iii)	Nil	**620,915.84**	Nil	**620,915.84**

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Attached separately

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
-	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors : **NIL**

SN.	Particulars of Remuneration	Name of the Director				Total Amount
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

RM

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

(Amount in INR Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	Total
		Anita Iyer	
1	Gross salary	9.41	9.41
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total	9.41	9.41

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: **NIL**

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD / NCLT/ COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty					
Punishment			**NIL**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

FRIEDERICH WEICK
MANAGING DIRECTOR

DIN No: 07044120

RAMASAMI MUTHAIYAH
WHOLETIME DIRECTOR AND CHIEF FINANCIAL OFFICER
DIN No: 02564287

Date : June 26, 2020
Place : Pune

Remuneration to Managing Director, Whole-time Directors and/or Manager (in INR Lakhs)

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Fred Weick	Ramasami Muthaiyah	Asmaa Jamail	Virginia Azavedo	
1	Gross salary	839.45	552.08	436.28	256.48	2,084.29
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify...					
5	Others, please specify					
-	Total (A)	839.45	552.08	436.28	256.48	2,084.29
	Ceiling as per the Act					

* The salary details furnished above is during the period served as MD, WTD/Manager.

RM

Form No. AOC - 2

(Pursuant to *clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and* Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

2. Details of material contracts or arrangement or transactions at arm's length basis: **Attached**
a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of the contracts / arrangements/transactions
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:
(e) Date(s) of approval by the Board, if any:
(f) Amount paid as advances, if any:

For and on behalf of the Board of Directors

	FRIEDERICH WEICK	RAMASAMI MUTHAIYAH
	MANAGING DIRECTOR	WHOLETIME DIRECTOR AND CHIEF
Date : June 26, 2020		FINANCIAL OFFICER
Place : Pune	DIN No: 07044120	DIN No: 02564287

ANNEXURE II

Corporate Social Responsibility (CSR)

DFS India's approach towards CSR is from the perspective of being a responsible corporate citizen. The Company recognizes that CSR is not only about philanthropy, charity and donations but that it is more about sustainable initiatives to bring about positive change. CSR forms part of our operational business and integrates social and environmental concerns. The Company acknowledges that economic success and social responsibility go hand in hand. The Company has been involved in CSR activities which are revolving around environmental/ecological responsibility, education and road safety.

Your Company had undertaken various CSR activities during the year in line with its CSR philosophy of sustainable social contribution. The Company had taken conscious efforts to fulfill the objectives of its CSR Policy. The Company intends to build capacities to oversee that its CSR initiatives are efficiently implemented and monitored in order to sustain in the long run. The Company had always committed itself to undertake and fulfill the CSR objectives in true spirit and intends to continue the same in future too.

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

The CSR Policy formulated by the Company encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large.

It states that it shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

Composition of the CSR Committee as on date:

Mr. Friederich Weick - Member
Mr. Ramasami Muthaiyah - Member
Ms. Asmaa Auraha Hermiz Jamil - Member
Ms. Virginia Irene Azavedo - Member

Particulars		**INR (lakhs)**
Profit before tax – FY 2016-17	A	9,758.95
Profit before tax – FY 2017-18	B	16,317.74
Profit before tax – FY 2018-19	C	8,853.23
CSR Amount to be spent during FY 19-20 (at 2% on Average profits of last three FYs)	D = 2% * (Average of A, B, C)	232.87
CSR amount actually spent during FY 2019-20	E	232.87
Shortfall	F = D-E	NIL

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Manner in which the amount spent during the financial year is detailed below.

S. No.	Proposed Project/Program/Activity	Sector In Which the Project is Covered	Project or programs (1) Local area or other (2) Specify The State and district where projects or programs were undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub heads:	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1	House construction	Disaster relief	Tamilnadu	100.00	100.00	100.00	Implementing Agency- Habitat for Humanity
2	Food for education	Children support	Karnataka	85.00	85.00	85.00	Implementing Agency- The Akshaya Patra Foundation
3	Incubating disability	Incubating disability	Tamilnadu	40.00	40.00	40.00	Implementing Agency- Villgro Innovations Foundations
4	Sustainable Environment	Sustainability	Maharashtra	7.86	7.86	7.86	Implementing Agency- Shaswat Trust

In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, company shall provide reasons for not spending the amount in Board report:

Not Applicable

The CSR Committee hereby declares that the CSR Policy of the Company is in line with the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Committee further declares that the implementation and monitoring of CSR activities is in accordance with the CSR objectives as defined in the CSR Policy of the Company.

For and on behalf of the Board of Directors

MRamasami

FRIEDERICH WEICK
MANAGING DIRECTOR

DIN No: 07044120

RAMASAMI MUTHAIYAH
WHOLETIME DIRECTOR AND CHIEF FINANCIAL OFFICER

DIN No: 02564287

Date : June 26, 2020
Place : Pune

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The World Economic Outlook report published by the International Monetary Fund (IMF) on October 15, 2019 cut its forecast for global growth rate this year to its lowest level since the 2007-08 Global Financial Crisis (GFC). The IMF predicted that the global economy would grow by 3.0 per cent this year down from 3.6 per cent the previous year (2018). It also predicted that global economy would achieve a growth rate of 3.4 per cent in 2020 but with a caveat - this uptick would not be broad-based and durable.[1]The newly appointed Managing Director of the IMF Kristalina Georgieva has pointed out that the global economy is in the process of a synchronised downswing in 90 per cent of the world economy. She further pointed out that this was in contrast to the previous two years where 75 per cent of the global economy experienced a synchronised upswing.

Meanwhile, many independent economic research organisations concur with the IMF growth forecast. It is indicated that the global economic outlook had become increasingly fragile and uncertain. Its global growth was projected to slow down to 2.9 per cent this year (2019) and 3.0 per cent in 2020. It also warned that this growth trend is likely to be accompanied by mounting risks of downward slide. The Global Business Policy Council also made its growth forecast at 2.9 per cent for this year, the same as the OECD forecast, but slowing growth through to 2023.[2]

The IMF report indicated that the global big four, the US, China, the Eurozone, and Japan would not see any improvement in their growth rates over the next five years. The OECD Interim Economic Outlook made projections for these economies where the estimated growth rates for 2019 and 2020 for these countries/zone are as follows: the US at 2.4 per cent and 2.0 per cent respectively, down by 0.4 percentage point, the Eurozone at 1.1 per cent and 1.0 per cent respectively, down by 0.1 percentage point, China at 6.1 per cent and 5.7 per cent respectively down by 0.4 percentage point and Japan at 1.0 and 0.6 respectively down by 0.4 percentage point. The OECD report further added that the global economic outlook had become increasingly fragile and uncertain. It also observed that GDP (gross domestic point) growth was subdued and global trade was contracting.

In countries where dollar-denominated debt is prevalent as is in most emerging economies, any interest rates rise in the US will cause debt servicing more expensive leading to serious financial crisis as is happening now in Argentina and Turkey. According to The Economist, emerging market companies' dollar-denominated debts have grown from 14 per cent to 20 per cent of GDP since 2009, on average.

CORONAVIRUS (COVID-19) AND GLOBAL GROWTH

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[1] World Economic Outlook, October 2019 : Global Manufacturing Downturn, Rising Trade Barriers ISBN/ISSN:9781513508214/0256-6877

[2] The Interim Economic Outlook (September, 2019) of the Organization for Economic Cooperation and Development (OECD)

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Amid the coronavirus pandemic, several countries across the world resorted to lockdowns to "flatten the curve" of the infection. These lockdowns meant confining millions of citizens to their homes, shutting down businesses and ceasing almost all economic activity. According to the International Monetary Fund (IMF), the global economy is expected to shrink by over 3 per cent in 2020 – the steepest slowdown since the Great Depression of the 1930s.The IMF's estimate of the global economy growing at -3 per cent in 2020 is an outcome "far worse" than the 2009 global financial crises.Advanced economies have been hit harder, and together they are expected to grow by -6 per cent in 2020. Emerging markets and developing economies are expected to contract by -1 per cent. If China is excluded from this pool of countries, the growth rate for 2020 is expected to be -2.2 per cent.[3]

INDIAN ECONOMY

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the coronavirus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

The World Bank and rating agencies had initially revised India's growth for FY2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May, CRISIL announced that this will perhaps be India's worst recession since independence. State Bank of India research estimates a contraction of over 40% in the GDP in Q1 FY21. The contraction will not be uniform, rather it will differ according to various parameters such as state and sector.

Within a month, unemployment rose from 6.7% on 15 March to 26% on 19 April.[4] During the lockdown, an estimated 14 crore (140 million) people lost employment while salaries were cut for many others.More than 45% of households across the nation have reported an income drop as compared to the previous year.[5] The Indian economy was expected to lose over ₹32,000 crore (US$4.5 billion) every day during the first 21-days of complete lockdown, which was declared following the coronavirus outbreak. Under complete lockdown, less than a quarter of India's $2.8 trillion economic movement was functional.[6] Up to 53% of businesses in the country were projected to be significantly affected. Supply chains have been put

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[3] The Indian Express 21st June 2020

[4] *Business Line. 2 April 2020*

[5] *Goyal, Malini* "Covid-19: How the deadly virus hints at a looming financial crisis". *The Economic Times 22nd March 2020.*

[6] "Lockdown relaxation– more than half of India's economy may reopen from Monday, says Nomura". *Business Insider*

under stress with the lockdown restrictions in place; initially, there was a lack of clarity in streamlining what an "essential" is and what is not. Those in the informal sectors and daily wage groups have been at the most risk.A large number of farmers around the country who grow perishables also faced uncertainty.

Major companies in India such as Larsen & Toubro, Bharat Forge, UltraTech Cement, Grasim Industries, Aditya Birla Group, BHEL and Tata Motors have temporarily suspended or significantly reduced operations. Young startups have been impacted as funding has fallen.[7]Fast-moving consumer goods companies in the country have significantly reduced operations and are focusing on essentials. Stock markets in India posted their worst loses in history on 23 March 2020.[8] However, on 25 March, one day after a complete 21-day lockdown was announced by the Prime Minister, SENSEX and NIFTY posted their biggest gains in 11 years.[9]

The Government of India announced a variety of measures to tackle the situation, from food security and extra funds for healthcare and for the states, to sector related incentives and tax deadline extensions. On 26 March a number of economic relief measures for the poor were announced totaling over ₹170,000 crore (US$24 billion). The next day the Reserve Bank of India also announced a number of measures which would make available ₹374,000 crore (US$52 billion) to the country's financial system. The World Bank and Asian Development Bank approved support to India to tackle the coronavirus pandemic.

AUTOMOTIVE SECTOR

The Society of Indian Automotive Manufacturers in India (SIAM) has announced that in March 2020, new car sales were halved as domestic sales for passenger vehicles stood at -51%. SIAM claims that March 2020 was the most challenging period for the automotive industry as the nationwide COVID-19 lockdown forced not only sales to stop, but also halt production entirely.

INDIAN CAR SALES FINANCIAL YEAR 2019-2020

The last 15 months are not something the Indian automotive industry would like to remember. SIAM's fiscal numbers show that between April 2019 and March 2020, the Indian domestic market saw a decline of 18%. The demand for Passenger Vehicles was also on the downward trend registering degrowth of 17.8%. The Medium & Heavy commercial vehicle segment too dropped by 42%. The Two-Wheeler industry declined by 17.76%. Domestic sales in FY2019-20 stood at 21,548,494 units against 26,266,179 units from the previous fiscal.Export numbers, on the other hand, provided marginal relief as the export market grew by a mere 2.9%. Overall exports in the fiscal stood at 4,765,754 units against 4,629,049 units from FY19-20. Passenger Vehicle exports held on with negligible 0.17% growth while two-wheeler exports are by 7.3%. However, M&HCV sector exports were halved in the fiscal. The industry was already reeling under severe

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[7] *Singh, Sandeep* "Covid-19 Pandemic Spoils Indian Startup Funding Party, Growth Stage Worst Hit in Q1 2020
1st April 2020

[8] *The Indian Express. 23 March 2020*

[9] *Shah, Ami* "Sensex posts biggest gain in 11 years: Investors richer by Rs 4.7 lakh crore". *The Economic Times 25th March 2020.*

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de-growth and the pressure of disrupted supply chain, which was followed by a majority of the auto companies announcing a shutdown of their manufacturing units in the last week of March 2020, due to concerns over ensuring workplace safety & health of their employees. As per estimates at SIAM, Auto industry is losing Rs 2,300 crore in production turnover for every day of closure.[10]

The Auto Industry is engaged in a dialogue with the Government of India on policy measures which could minimise the impact of COVID on the Indian Economy and especially the Indian Automobile Industry.

OPERATING AND FINANCIAL PERFORMANCE

Non-Banking Finance Companies act as a vital link in the overall financial system of the country catering to a large market of niche customers. They are an integral part of the country's financial system because of their complementary as well as competitive role. On the regulatory front, Non-Banking Finance Companies are regulated by the Reserve Bank of India (RBI) almost at par with banks. All the prudential norms for asset classification, income recognition, provisioning etc., are applicable to Non-Banking Finance Companies in India.

Following are the significant financial indicators

Particulars	2019-2020 (INR in Lakhs)	2018-2019 (INR in Lakhs)	Change	%
Revenue	90,892.82	96,963.99	-6,071.17	-6.26%
Portfolio	780,944.06	901,722.39	-120,778.33	-13.39%
Profit Before Tax	(12,803.43)	8,853.23	-21,728.17	-245.43%
Gross NPA	157,153.51	39,051.02	118,102.49	302.43%
Net NPA	121,912.75	19,858.63	102,054.12	513.90%
CRAR	18.92%	18.81%		

RESOURCE MOBILISATION AND TREASURY

The Company during the year under review in order to support the growth of business at lower interest rates had shifted the mix of borrowings towards market borrowings from bank funding. This activity was completed without making any compromise to the right mix of long term and short-term borrowings and thereby maintaining a healthy asset liability position.

As a part of the overall funding plan, the Company's working capital limits with multiple banks were at INR 7,047 Crores and amount utilized as on 31st March 2020 is INR 4718.70 Crore (which includes Commercial Paper outstanding of INR 300 Crores). During the year, the Company had also issued several tranches of Commercial paper aggregating to INR 5,550 Crores. The maximum amount outstanding of Commercial Paper issuance at any month end during FY 19-20 was INR 1,550 crores and the amount outstanding at the end of the year was INR 1,300 Crores.

During the year, the Company has raised term funding from capital markets in the form of Listed Non-convertible debentures on private placement basis to the tune of INR 400 Crores in order to mobilize funding needs of the Company and the amount outstanding at the end of the year was INR 495 Crores.

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[10] Available at https://www.financialexpress.com/auto/industry/india-car-sales-slashed-to-half-in-march-2020-vehicle-sales-down-by-18-in-fy2019-20-fiscal-siam-fada-bs6-coronavirus-lockdown-covid-19-maruti-hyunda-mahindra-honda/1927154/.

OPPORTUNITIES AND THREATS

Asset quality at non-banking financial companies (NBFCs) will significantly deteriorate as economic disruptions from the coronavirus outbreak deepen an economic slowdown that has been underway in the past few years. Flexibility to eligible borrowers, and lending institutions, including NBFCs, on granting a moratorium of 3 months on payment of all instalments of term loans falling due between 1 March 2020 and 31 May 2020 without the lenders having to restructure such accounts or downgrade the asset classification pursuant to the COVID-19 - Regulatory Package issued by the RBI on 27 March 2020. However, for such accounts in default during the moratorium the lending institutions will be required to make general provisioning of not less than 10% of the total outstanding of such accounts, to be phased over two quarters as under: (i) quarter ended March 31, 2020 - not less than 5%; and (ii) quarter ending June 30, 2020 - not less than 5 % to be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA).RBI's key focus has been on transmission of credit into the economy. In keeping up with its commitment,

RBI’s key focus has been on transmission of credit into the economy. In keeping up with its commitment, the three important measures adopted by the RBI that may benefit non-banking financial companies (NBFCs) are:[11]

1. Introduction of long-term repo operation (LTRO) facility infusing ₹ 1,50,000 crores worth of liquidity into the economy through banks by launching the Targeted Long-Term Repo Operation (TLTRO) (1.0) and (2.0) facilities. Given that the primary beneficiaries of TLTRO 1.0 turned out to be public sector entities and large corporates, the RBI also launched TLTRO 2.0 for a further amount of ₹ 50,000 crores to cater to the non-banking finance and micro finance sector.
2. Reduction in repo and reverse repo rates, freeing up of regulatory capital for borrowings from the RBI by allowing (a) dipping up to 3 per cent into the statutory liquidity ratio, and (b) reduction in cash reserve ratio by 100 basis points.
3. Increase in the investment limit for foreign portfolio investors (FPIs) in corporate bonds to 15% of outstanding stock for the financial year 2020-21 with the revised limits for April-September, 2020- at ₹ 4,29,244 crores and for October-March 2021 at ₹ 5,41,488 crores.

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[11] Khaitan & Co RBIs relief measures in COVID times – silver lining for NBFCs 8th May, 2020.

OUTLOOK

Competition continues to be intense, as the Indian and foreign banks have entered the retail lending business in a big way, thereby exerting pressure on margins. The erstwhile providers of funds have now become competitors. The competitive pressure for retail-focused NBFCs is likely to intensify as banks are increasingly focusing on retail segment to offset weak corporate credit growth. NBFCs can sustain in this competitive environment only through optimization of funding costs, identification of potential business areas, widening geographical reach, and use of technology, cost efficiencies, strict credit monitoring and raising the level of customer service.

The NBFCs financial sector in India predominantly comprises of the banking sector, with commercial banks accounting for more than 64% of the total assets held by the financial system. However, the role of the NBFC sector has been growing. The balance sheet of the NBFC sector is continuously expanding. Despite the growth, NBFCs managed their asset quality better than the banks. Gross bad loans of the NBFC industry witnessed a decrease when banks in general witnessed a rise. Net NPAs as a percentage of total advances also witnessed a declining trend. The draft guidelines on liquidity management for the NBFC's which has been proposed by the RBI is proposed to improve liquidity management, transparency and is positive for overall liquidity management of NBFC's. This will though have an impact on interest margin in short run, however in long run is expected to be good for the industry.

Against this backdrop, the Company hopes to post reasonable growth in its chosen lines of business and also continue to explore new, profitable business opportunities. Competitive pressures in the market are likely to remain high, with banks increasingly focusing on retail lending, thereby exerting downward pressure on margins. Hence at all times, maintaining and preserving asset quality will remain a key imperative. Growth with Quality and Profitability has been the underlying philosophy that has guided the Company over the years and will continue to do so in the future years as well.

INTERNAL CONTROL SYSTEMS

The Directors wish to state that the Company has in place adequate internal control systems for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, provide reasonable assurance with regard to information and maintenance of proper accounting records, the economic efficiency of operations, safeguarding of assets against unauthorized use or losses, prevention and detection of frauds and errors, and the reliability of financial and operational information. Further, the Directors, have also laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

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Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee which also reviews the adequacy and effectiveness of the internal controls in the Company. The Company's internal control system is commensurate with the size, nature and operations of the Company and also in line with the global standards.

HUMAN RESOURCES

In the current year due to the Covid19 situation, we have enabled Work From Home Options for all our colleagues thereby providing a flexible work arrangement. Beginning June, we have also resumed operations in our office space in phased manner and will be bringing it to a 50% capacity in the coming weeks. Our focus on employee development and engagement continue in the virtual / online mode. We have over the past few months provided higher access to online training programs and team discussions or engagement activities. With rigorous focus on such employee friendly initiative we stay on top of our endeavor to continue to be a great place to work.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing Company's objectives, projections, estimates, expectations may be "forward looking statements". Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government Regulations, tax laws and other statutes, Orders/Judgements passed by the Judicial and Quasi-judicial Authorities and incidental factors.

For and on behalf of the Board of Directors

	FRIEDERICH WEICK	RAMASAMI MUTHAIYAH
	MANAGING DIRECTOR	WHOLETIME DIRECTOR AND CHIEF
Date : June 26, 2020		FINANCIAL OFFICER
Place : Pune	DIN No: 07044120	DIN No: 02564287

VINOD KOTHARI & COMPANY

Practising Company Secretaries
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Unique Code – P1996WB042300
PAN No - AAMFV6726E
UdyogAdhar Number – WB10D0000448

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Daimler Financial Services India Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Daimler Financial Services India Private Limited ['**DFSI'/'Company'**] for the financial year ended 31.03.2020 ['**Audit Period'**]. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as listed in **Annexure I** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder ***except as noted hereunder.***

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as listed in Annexure I for the financial year ended on 31.03.2020, according to the provisions of the following, to the extent applicable:

(i) The Companies Act, 2013 ('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:-

(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ['**PIT Regulations**'];
(b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(c) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['**Listing Regulations**'];
(e) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

(vi) Laws specifically applicable to an NBFC-ND-SI, as identified by the management, *viz*.:

(a) The Reserve Bank of India Act, 1934;
(b) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ['**NBFC Master Directions**'];
(c) Miscellaneous Instructions to all Non-Banking Financial Companies;
(d) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
(e) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
(f) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
(g) Master Direction - Know Your Customer (KYC) Directions, 2016;
(h) Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
(i) Master Direction - Information Technology Framework for the NBFC Sector;

(vii) RBI Commercial Paper Directions, 2017, effective from 10th August, 2017 (as amended from time to time) w.r.t. issue of commercial papers and applicable Operating Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India), and SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22nd October, 2019 on 'Framework for listing of Commercial Paper';

(viii) The Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 ["Corporate Agent Regulations"];

(ix) Guidelines on Motor Insurance Service Provider by Insurance Regulatory and Development Authority of India.

We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings [SS-1], and for General Meetings [SS-2] issued by the Institute of Company Secretaries of India.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above ***except as noted below***:

1. The Company has ***delayed in filing the following forms under the Act with the RoC by 1 day***:
   (i) Form No. INC-22 for shifting of registered office w.e.f. July 1, 2019, and
   (ii) Form No. AOC-5 for change in place of keeping of books of accounts.

   Further, the Company has not opted for condonation of delay as per section 460 (b) of the Act.

2. The Company has been advised to strictly observe compliance ***with certain provisions of Secretarial Standards*** relating to numbering of pages of minutes, serial numbering of minutes, mentioning the designation of persons attending the meetings, noting of minutes of Committee meetings at the Board meetings and circulation of signed minutes.

3. The Company has ***not yet formulated a policy on preservation of documents*** as required under regulation 9 of the Listing Regulations.

4. The Company has intimated the code of practices and procedures for fair disclosure of unpublished price sensitive information to the stock exchange as required under regulation 8(2) of PIT Regulations, although with ***delay***.

5. The IT strategy committee of the Company met only once during the FY 2019-20 i.e. on 28.02.2020. Therefore, it seems that ***the gap between two meetings of the IT strategy committee exceeded six months*** which may not be in compliance with para 1.1 of Master Direction - Information Technology Framework for the NBFC Sector.

6. We have been informed that the Company is in the process of implementation of the provisions of para 71 of NBFC Master Directions with respect to ***putting in place policies to safeguard the independence of the Chief Risk Officer*** as required under para 71 of NBFC Master Directions.

7. The Company is yet to disclose ***information on its liquidity risk*** on its website as required under para 15A read with point A (ix) of Annex II of the NBFC Master Directions. We have been informed that the Company is in the process of implementation of the Liquidity Risk Management framework issued by RBI dated 04th November, 2019, in its totality.

8. The Company received a show-cause notice by the IRDAI on January 06, 2020, regarding certain provisions of the Insurance Act and Corporate Agent Regulations, observed during the inspection conducted from March 26, 2018 to March 28, 2018 (for prior periods) by IRDAI. The Company submitted its response to the same to the IRDAI on February 07, 2020. No further correspondence has been received from IRDAI as on the date of signing this Report. Hence, we are unable to comment on the same.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team of the Company, for its necessary consideration and implementation by the Company.

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email: vinod@vinodkothari.com
Web: www.vinodkothari.com
Unique Code – P1996WB042300
PAN No - AAMFV6726E
UdyogAdhar Number – WB10D0000448

We further report that:

The Board of Directors of the Company is duly constituted. There were no changes in the composition of the Board of Directors during the Audit Period.

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has undertaken following specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Private Placement and listing of Non-Convertible Debentures (NCDs):

During the Audit Period, the Company issued 4000, AAA rated, listed, unsecured, redeemable NCDs at a face value of Rs. 10,00,000/- per debenture aggregating to Rs. 4,00,00,00,000/-, approved in its Board meeting held on 19.09.2019, through private placement, for a tenure of 12 months and 363 days from the date of allotment.

Further, the Company listed the said NCDs with BSE Ltd. on October 04, 2019.

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Management & Auditor Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. Wherever our audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our audit, there was a need for physical access to any of the places of business of the Company, the same has not been uniformly possible in view of the prevailing lockdown.

4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.

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8. The contents of this Report have to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/ authorities with respect to the Company.

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

Place: Kolkata
Date: 25-06-2020

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Firm Registration No.: P1996WB042300

Sikha Bansal
Partner
Membership No.: A33461
CP No.: 22903
UDIN: A033461B000382579

VINOD KOTHARI & COMPANY
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ANNEXURE I

LIST OF DOCUMENTS

1. Minutes books for the meeting of the following were provided:
   1.1 Board of Directors;
   1.2 Audit Committee;
   1.3 Nomination and Remuneration Committee;
   1.4 Corporate Social Responsibility Committee;
   1.5 Risk Management Committee;
   1.6 Asset Liability Management Committee;
   1.7 IT Strategy Committee
   1.8 Annual General Meeting;
   1.9 Extraordinary general meeting
2. Agenda papers for Board Meeting and Committee (s) along with Notice;
3. Annual Report 2019, Memorandum and Articles of Association.
4. Disclosures under Act, 2013 and Rules made thereunder;
5. Policies framed under Act, 2013 and RBI regulations for NBFCs;
6. Documents pertaining to applicable SEBI Regulations;
7. Forms and returns filed with the ROC & RBI;
8. Documents relating to issue of Non-Convertible Debentures, and Commercial Paper;
9. Returns filed with IRDAI.

B S R & Co. LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Daimler Financial Services India Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daimler Financial Services India Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

As more fully described in Note 40 to the financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefits have been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

Further, the extent of impact of the COVID - 19 pandemic will impact the Company's financial position and performance including the Company's estimates of impairment of loans, are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Description of Key Audit Matter:

Key Audit Matter	How the matter was addressed in our audit
Impairment of loans – refer notes 6 and 24 to the financial statements	
Recognition and measurement of impairment of loans involve significant management judgement. Under Ind AS 109 - Financial Instruments, allowances of loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default, loss ratios etc. Management exercises judgement in determining the quantum of loss based on a range of factors. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Segmentation of loans given to the customer • Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to select borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD").	In view of the significance of the matter, the following key audit procedures were performed by us: • Evaluation of the appropriateness of the impairment principles used by the management based on the requirements of Ind AS 109. • Assessed the design and implementation and operating effectiveness in respect of computation of impairment allowance process. • Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID - 19 regulatory package. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. We have engaged our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.

Key Audit Matter	How the matter was addressed in our audit
• Use of Management overlay for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and timing of cash flows • In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Accordingly, we identified impairment of loans given to customers as key audit matter because the management judgement involved in estimates has significant impact, considering the size of loan portfolio relative to the balance sheet.	• Performed test of details, on a sample basis, on underlying data relating to segmentation, management overlays, staging and other key inputs for computation of ECL. • Assessing the factual accuracy and appropriateness of the additional financial statements' disclosures made by the Company regarding impact of COVID-19.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors report but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this Auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the Company's directors Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements – Refer Note 36 to the financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

   The Company being a Private Company, the provisions of section 197 to the Act is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

S Sethuraman
Partner
Membership No. 203491
UDIN: 20203491AAAABW2662

Place: Chennai
Date: 26 June 2020

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme certain fixed assets were physically verified by the management during the year and as explained to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company without accepting deposits (NBFC-ND) and is primarily engaged in the business of lending activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013:

a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the companies listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
b) In the case of the loans granted to the companies listed in the register maintained under Section 189 of the Act, the borrowers have been, where stipulated, regular in the payment of principal and interest.
c) There are no overdue amounts in respect of the loans granted to the companies listed in the register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, investments, guarantees and security covered under Section 185 and 186(1) of the Act to the extent applicable. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other material statutory dues have been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, service tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, service tax and goods and services tax which have not been deposited with the appropriate authorities on account of dispute except the following:

Name of the statute	**Amount of dues (INR Lakhs.)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Tamil Nadu Value Added Tax Act, 2006	127*	FY 2011-14	Sales Tax Appellate Tribunal
Finance Act, 1994	2,360	FY 2011-17	Asst. Commissioner of service tax
Income Tax Act, 1961	512	AY 2014-15	Commissioner of Income Tax (Appeals)

* does not include interest and penalty levied amounting to INR 204 lakhs.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions or to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures, commercial papers and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

(x) According to the information and explanations given to us, no material fraud by or on the Company by its officers or employees have been noticed or reported during the year.

(xi) The Company is a private limited company and hence the provisions of section 197 of the Act is not applicable. Accordingly, paragraph 3(xi) of the Order is not applicable

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the relevant accounting standards. The Company is a private limited Company and hence the provisions of section 177 of the Act is not applicable.

(xiv) According to the information and explanations given by the management and on the basis of our examination of the records of the Company, the Company has not raised any amount by preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has obtained the registration required under section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
UDIN: 20203491AAAABW2662

Place: Chennai
Date: 26 June 2020

Annexure B to the Independent Auditors' Report to the Members of Daimler Financial Services India Private Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013
(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Daimler Financial Services India Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI").

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report on financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
UDIN: 20203491AAAABW2662

Place: Chennai
Date: 26 June 2020

Daimler Financial Services India Private Limited
Statement of Profit and loss for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	20	84,934.87	91,103.09
Income from operating lease	21	1,923.72	2,658.24
Insurance commission		1,377.75	1,225.48
Facility, processing fee and other fee income		2,430.62	1,607.98
Total Revenue from operations		**90,666.96**	**96,594.79**
Other income	22	225.86	369.20
Total income		**90,892.82**	**96,963.99**
Expenses			
Finance costs	23	48,397.09	55,558.12
Impairment on financial instruments	24	40,011.72	16,792.09
Employee benefits expenses	25	5,592.55	6,504.71
Depreciation and amortisation	26	1,747.14	2,649.21
Other expenses	27	7,947.77	6,606.63
Total expenses		**103,696.27**	**88,110.76**
(Loss)/ Profit before tax		**(12,803.45)**	**8,853.23**
Tax expense:			
Current tax		6,532.73	7,611.69
Deferred tax		(7,664.21)	(4,499.33)
(Loss)/ Profit after tax		**(11,671.97)**	**5,740.87**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of the defined benefit plan		(35.75)	0.97
Income tax relating to items that will not be reclassified to profit or loss		9.00	(0.34)
Net other comprehensive (deficit) / income not to be reclassified subsequently to profit or loss		(26.75)	0.63
Total comprehensive (deficit)/ income for the year		**(11,698.72)**	**5,741.50**
Earnings per share (face value Rs.10 each)	29		
Basic (in rupees)		(0.85)	0.42
Diluted (in rupees)		(0.85)	0.42

Significant accounting policies 3
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : June 26, 2020

for and on behalf of the Board of Directors of
Daimler Financial Services India Private Limited
CIN: U67190TN2010FTC077890

Friederich Weick
Managing Director
DIN: 07044120

Ramasami Muthaiyah
Whole Time Director
and Chief Financial Officer
DIN: 02564287

Anita Iyer
Company Secretary
Membership No: 35244

Place : Pune
Date : June 26, 2020

Daimler Financial Services India Private Limited

Daimler Financial Services India Private Limited
Balance Sheet as at March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	4	24,294.17	4,721.85
Trade receivables	5	190.25	22.33
Loans	6	780,944.06	901,722.39
Other financial assets	7	8,272.79	8,838.22
Total financial assets		**813,701.27**	**915,304.79**
Non-financial assets			
Current tax assets (net)		1,050.25	3,970.97
Deferred tax assets (net)	8	15,454.67	7,781.46
Property, plant and equipment	10	3,173.46	5,031.98
Intangible assets under development		310.33	219.32
Other intangible assets	11	528.37	878.35
Other non-financial assets	9	780.64	1,134.80
Total non-financial assets		**21,297.72**	**19,016.88**
Non-current assets held for sale		**407.74**	**392.57**
Total assets		**835,406.73**	**934,714.24**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5,160.93	4,836.66
Debt securities	13	178,532.26	364,797.21
Borrowings (other than debt securities)	14	442,383.58	277,240.61
Other financial liabilities	15	46,671.99	109,510.04
Total financial liabilities		**672,748.76**	**756,384.52**
Non-financial liabilities			
Current tax liabilities (Net)		490.60	4,110.60
Provisions	16	221.09	130.72
Other non-financial liabilities	17	405.23	848.63
Total non-financial liabilities		**1,116.92**	**5,089.95**
EQUITY			
Equity share capital	18	137,917.00	137,917.00
Other equity	19	23,624.05	35,322.77
Total equity		**161,541.05**	**173,239.77**
Total liabilities and equity		**835,406.73**	**934,714.24**

Significant accounting policies 3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date: June 26, 2020

for and on behalf of the Board of Directors of
Daimler Financial Services India Private Limited
CIN: U67190TN2010FTC077890

Friederich Weick
Managing Director
DIN: 07044120

Ramasami Muthaiyah
Whole Time Director
and Chief Financial Officer
DIN: 02564287

Anita Iyer
Company Secretary
Membership No: 35244

Place: Pune
Date: June 26, 2020

Daimler Financial Services India Private Limited

Daimler Financial Services India Private Limited
Statement of Cash Flow for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

		Note	Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash Flow from Operating Activities**			
	Net (loss) / profit before tax		(12,803.45)	8,853.23
	Adjustments for:			
	Depreciation and amortisation	26	1,747.14	2,649.21
	Impairment of financial instruments	24	40,011.72	16,792.09
	Net loss on derecognition of propety, plant and equipment		187.97	311.36
	Interest expense (other than amortisation of discount on commercial paper)	23	40,557.68	50,499.62
	Amortisation on discount on commercial paper	23	7,839.41	5,058.50
	Interest income on fixed deposits with banks	20	(50.12)	(50.07)
	Operating cash flows before working capital changes		**77,490.35**	**84,113.94**
	Changes in working capital			
	Adjustments for:			
	(Increase) / decrease in trade receivables		(9.86)	154.55
	(Increase) / decrease in loans		80,608.54	(34,446.81)
	Decrease in other financial assets		565.43	24,151.53
	(Increase) / decrease in other non-financial assets		354.16	(27.51)
	Increase in trade payables		324.27	467.02
	Increase / (decrease) in other financial liabilities		(62,838.05)	53,000.76
	Increase in provisions		54.62	17.75
	Increase / (decrease) in other non-financial liabilities		(443.39)	(1,177.75)
	Cash (used) for operations		**96,106.07**	**126,253.48**
	Interest paid		(47,479.34)	(56,280.79)
	Income taxes paid (net) (includes tax deducted at source)		(7,232.01)	(8,778.34)
	Net cash from / (used in) operating activities (A)		**41,394.72**	**61,194.35**
B	**Cash flow from investing activities**			
	Purchase of fixed assets (tangible and intangible fixed assets, capital work-in-progress, intangible assets under development)		(1,154.67)	(1,730.99)
	Proceeds from sale of fixed assets		1,321.88	1,861.49
	Interest income on fixed deposits with banks		50.12	50.54
	Bank deposits (having maturity of more than three months), net		-	13.64
	Net cash generated from investing activities (B)		**217.33**	**194.68**
C	**Cash flow from financing activities**			
	Net borrowings taken / (repaid) during the year (includes debt and other borrowings)		(22,039.73)	(63,262.76)
	Net cash from / (used in) financing activities (C)		**(22,039.73)**	**(63,262.76)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**19,572.32**	**(1,873.73)**
	Cash and cash equivalents as at the beginning of the year		4,721.85	6,595.58
	Cash and cash equivalents as at the end of the year	4	**24,294.17**	**4,721.85**

MRamasami

Daimler Financial Services India Private Limited *

Daimler Financial Services India Private Limited
Statement of Cash Flow for the year ended March 31, 2020 (Continued)
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

	Note	As at March 31, 2020	As at March 31, 2019
Notes to cash flow statement:			
1. Components of cash and cash equivalents			
Balances with banks			
(i) In current accounts		3,485.73	4,721.85
(ii) Bank deposits with original maturity of 3 months or less		20,808.44	-
Total	4	**24,294.17**	**4,721.85**

Significant accounting policies 3
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : June 26, 2020

for and on behalf of the Board of Directors of
Daimler Financial Services India Private Limited
CIN: U67190TN2010FTC077890

Friederich Weick
Managing Director
DIN: 07044120

Ramasami Muthaiyah
Whole Time Director
and Chief Financial Officer
DIN: 02564287

Anita Iyer
Company Secretary
Membership No: 35244

Place : Pune
Date : June 26, 2020

Daimler Financial Services India Private Limited

Daimler Financial Services India Private Limited
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

A) Equity share capital

Particulars	Number of shares	Amount
Balance at the beginning as on April 1, 2018	1,379,170,000	137,917.00
Add: Issued during the year	-	-
Balance at the end of March 31, 2019	1,379,170,000	137,917.00
Balance at the beginning as on April 1, 2019	1,379,170,000	137,917.00
Add: Issued during the year	-	-
Balance at the end of March 31, 2020	1,379,170,000	137,917.00

B) Other equity

	Reserves and Surplus		Other comprehensive income	Total
	Statutory reserve	Retained earnings	Re-measurements of defined benefit (asset) / liability	
As at April 1, 2018	5,243.89	24,337.38	-	29,581.27
Total comprehensive income for the year	-	5,740.87	0.63	5,741.50
Transfer to statutory reserve	1,148.17	(1,148.17)	-	-
Transfer to retained earnings	-	0.63	(0.63)	-
As at March 31, 2019	6,392.06	28,930.71	-	35,322.77
As at April 1, 2019	6,392.06	28,930.71	-	35,322.77
Total comprehensive income for the year	-	(11,671.97)	(26.75)	(11,698.72)
Transfer to statutory reserve	-	-	-	-
Transfer to retained earnings	-	(26.75)	26.75	-
As at March 31, 2020	6,392.06	17,231.99	-	23,624.05

See accompanying notes to the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : June 26, 2020

for and on behalf of the Board of Directors of
Daimler Financial Services India Private Limited
CIN: U67190TN2010FTC077890

Friederich Weick
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Whole Time Director
and Chief Financial Officer
DIN: 02564287

Anita Iyer
Company Secretary
Membership No 35244

Place : Pune
Date : June 26, 2020

Daimler Financial Services India Private Limited

1 Reporting entity

Daimler Financial Services India Private Limited ('the Company') was incorporated on October 29, 2010 as a private limited company under the Companies Act, 2013 ('the Act'). The Company carries on the activities of 'Leasing and Finance" which includes operating lease and financing of vehicles to end customers and dealership related financial services, like inventory financing for Daimler franchised dealers. The Company has been granted a registration certificate - N-07.00790 dated April 21, 2011 (and regularized as an Asset Finance Company vide certificate dated November 16, 2016) by the Reserve Bank of India ('RBI') to commence / carry on business of Non-Banking Financial Company ('NBFC') without accepting public deposits.

2 Basis of preparation

2.1 Statement of compliance

These financial results have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rule 2015 as amended by the Companies (Indian Accounting Standard) Rules 2016, prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable within a reasonable timeframe.

These financial statements were approved by the Company's Board of Directors and authorised for issue on June 26, 2020.

Details of the Company's accounting policies are disclosed in note 3.

2.2 Presentation of financial statements

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

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (upto two decimals), unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

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B S R & Co. LLP
Chennai
Chartered Accountants

Daimler Financial Services India Private Limited

2.5 Use of estimates and judgements (continued)

Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below. Also refer note 40 - Impact of Covid-19.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

RM

B S R & Co. LLP Chennai Chartered Accountants

Daimler Financial Services India Private Limited

2.5 Use of estimates and judgements (continued)

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in of the financial statements are prudent and reasonable.

vi) Other assumptions and estimation uncertainties

a) Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

i) Measurement of defined benefit obligations: key actuarial assumptions;
ii) Estimated useful life of property, plant and equipment and intangible assets;
iii) Recognition of deferred taxes.

3 Significant accounting policies

3.1 Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Interest Income on loans

Under Ind AS 109, interest income is recorded using the effective interest rate ("EIR") method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

RM

B S R & Co. LLP
Chennai
Chartered Accountants

Daimler Financial Services India Private Limited

3.1 Revenue Recognition (Continued)

A. Interest Income on loans (Continued)

Dealers'/Manufacturers' incentive, subsidy income and processing fees collected from the customers that are integral to the effective interest rate on a financial asset are included in the effective interest rate. However, if a contract is foreclosed / written-off, such dealer / manufacturer incentive etc., is recognized as income at the time of foreclosure / write off.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

B. Insurance commission

Insurance commission are recognised for the services rendered as and when they are due.

C. Fee income

Fees income such as facility fee income, legal inspection charges, cheque bounce charges, default interest income and other miscellaneous charges incase of default are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

D. Other interest income

Interest on bank deposits and other interest income is recognised on a time proportionate basis.

For revenue recognition from leasing transactions of the Company, refer Note 3.14 on Leases below.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost
ii) Fair value through other comprehensive income ("FVOCI")
iii) Fair value through profit or loss ("FVTPL")

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3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

B. Financial liabilities

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

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3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2020 and March 31, 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 3 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial Both LTECLs and 12 months ECLs are calculated on collective basis.

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3.6 Impairment of financial assets (Continued)

Based on the above, the Company catagorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:
When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:
When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:
Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:
Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:
Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:
Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:
The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:
When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:
For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

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3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments -Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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3.10 Property, plant and equipment (Continued)

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life
Furniture and fixtures	3 years
Office equipment	3 years
Computers hardware	3 years
Vehicles (other than vehicles given on operating lease)	5 years
Vehicles on operating lease	3 - 5 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.11 Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the written down value method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer software	3 to 6 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Capital advance / capital work in progress

Advance paid towards acquisition of property, plant and equipment and the cost of assets not ready to be put to use before the year end are disclosed under long - term loans and advances, and tangible capital work in progress/intangible assets under development respectively.

v. Non-current assets classified as held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The criteria for held for sale classification is regarded as met only when the disposal is highly probable and the asset is available for immediate disposal in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes will be made or that the decision to dispose will be withdrawn. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re measurement are recognized in the Statement of Profit and Loss. Once classified as held for sale, the respective assets are no longer amortized or depreciated.

vi. Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that and deducting the fair value of plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements. The Company provides the gratuity benefit through annual contribution to Life Insurance Corporation of India ("LIC") through a trust established by the Company.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

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3.13 Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and 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; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are neither recognised not disclosed in the financial statements.

3.14 Leases

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

Policy applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to sale the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of use asset reflects that the Company will exercise a purchase option. In that case the right-of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

(i) fixed payments, including in-substance fixed payments;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable under a residual value guarantee; and

(iv) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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3.14 Leases (Continued)

As a Lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance
fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of use asset, or is recorded in profit or loss if the carrying amount of right-of use asset has been reduced to zero.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue from operations'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

Policy applicable before April 1, 2019 in accordance with Ind AS 17

Operating lease

Leases, where the lessor effectively retains substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases. Payments under operating leases are recognized in the statement of Profit and Loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor inflationary cost increase.

3.15 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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3.15 Income tax (Continued)

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.17 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

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4 Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	-	-
Balances with banks		
(i) In current accounts	3,485.73	4,721.85
(ii) Bank deposits with original maturity of 3 months or less	20,808.44	-
	24,294.17	**4,721.85**

5 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Trade Receivable	459.01	449.15
Less: Impairment loss allowance	(268.76)	(426.82)
	190.25	**22.33**

6 Loans

		As at March 31, 2020	As at March 31, 2019
A	**Based on nature**		
	Loans	838,118.24	934,149.49
	Loans to employees (past and present)	71.71	131.23
		838,189.95	**934,280.72**
	Less: Impairment loss allowance (refer note 6.1 & 6.2)	(57,245.89)	(32,558.33)
		780,944.06	**901,722.39**
B	**Based on security**		
	Secured by tangible assets (refer note 6.3)	838,159.73	934,217.82
	Unsecured	30.22	62.90
		838,189.95	934,280.72
	Less: Impairment loss allowance (refer note 6.1 & 6.2)	(57,245.89)	(32,558.33)
		780,944.06	**901,722.39**
C	**Based on region**		
	Loans in India		
	- Public sector	-	-
	- Others	838,189.95	934,280.72
		838,189.95	934,280.72
	Less: Impairment loss allowance (refer note 6.1 & 6.2)	(57,245.89)	(32,558.33)
		780,944.06	**901,722.39**
	Loans outside India	-	-
	Impairment loss allowance	-	-
		-	-
		780,944.06	**901,722.39**

6.1 Impairment loss allowance includes loss allowance amounting to Rs. 5,368.96 lakhs (March 31, 2019: Rs. 8,608.10 lakhs) on account of portfolio which has been guaranteed by group company - Daimler India Commercial Vehicles Private Limited. Also refer note 7.

6.2 For analysis of changes in Portfolio and Impairment loss allowance refer note 33.

6.3 The Loans are secured by hypothecation of vehicles or mortgage of property to the Company as applicable.

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

7 Other financial assets

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	163.51	181.78
Financial guarantee receivable (refer note 6.1)	5,368.96	8,608.10
Other receivables	2,740.32	48.34
	8,272.79	**8,838.22**

8 Deferred tax assets (Net)

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		
Impairment on financial instruments	12,991.67	8,341.58
Expenses disallowed on account non-deduction of tax at source	3,196.79	684.34
Provision for gratuity, bonus and leave encashment	72.00	115.57
Deferred tax liability		
Excess of depreciation/amortisation on fixed assets under Income tax over depreciation/ amortisation provided in accounts	(188.40)	(502.83)
Fair valuation of financial liabilities	(23.30)	(32.35)
Recognition of unrecognised lease and interest income	(594.09)	(824.85)
	15,454.67	**7,781.46**

9 Other non-financial assets

	As at March 31, 2020	As at March 31, 2019
Balance with government authorities	548.52	548.52
Advances to employees	-	200.00
Prepaid expenses	232.12	386.28
	780.64	**1,134.80**

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

10 Property, Plant and Equipment

	Furniture and fixtures	Office equipments	Computer hardware	Leasehold improvements	Vehicles	Vehicles on operating lease	Total
Gross block							
At April 1, 2018	**59.54**	**104.07**	**177.96**	**82.79**	**787.72**	**9,566.43**	**10,778.51**
Additions	1.50	1.50	50.34	-	74.87	1,032.07	1,160.28
Disposals	-	-	-	-	148.13	3,784.64	3,932.77
Reclassification to Non-current assets held for sale	-	-	-	-	714.46	-	714.46
At March 31, 2019	**61.04**	**105.57**	**228.30**	**82.79**	-	**6,813.86**	**7,291.56**
Additions	60.82	61.00	353.01	257.22	120.75	381.71	1,234.51
Disposals	0.50	39.76	2.60	-	-	3,259.98	3,302.84
Reclassification to Non-current assets held for sale	-	-	-	-	-	1,052.32	1,052.32
At March 31, 2020	**121.37**	**126.80**	**578.71**	**340.01**	**120.75**	**2,883.27**	**4,170.91**
Accumulated depreciation							
At April 1, 2018	**15.81**	**43.30**	**86.94**	**7.86**	**125.57**	**2,410.25**	**2,689.73**
Depreciation	38.44	28.62	81.89	74.93	172.61	1,641.62	2,038.11
Disposals	-	-	-	-	65.90	2,170.08	2,235.98
Reclassification to Non-current assets held for sale	-	-	-	-	232.28	-	232.28
At March 31, 2019	**54.25**	**71.92**	**168.83**	**82.79**	-	**1,881.79**	**2,259.58**
Depreciation	19.31	35.26	126.47	64.42	18.19	1,134.24	1,397.89
Disposals	0.38	39.20	2.52	-	-	2,002.64	2,044.74
Reclassification to Non-current assets held for sale	-	-	-	-	-	615.27	615.27
At March 31, 2020	**73.18**	**67.98**	**292.78**	**147.21**	**18.19**	**398.12**	**997.46**
Net block							
At March 31, 2019	**6.79**	**33.65**	**59.47**	-	-	**4,932.07**	**5,031.98**
At March 31, 2020	**48.19**	**58.82**	**285.93**	**192.80**	**102.56**	**2,485.15**	**3,173.46**

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Daimler Financial Services India Private Limited
Notes forming part of the financial statements for year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

11 Other intangible assets

	Computer software	Total
Gross block		
At April 1, 2018	**1,222.84**	**1,222.84**
Additions	710.35	710.35
Disposals	-	-
At March 31, 2019	**1,933.19**	**1,933.19**
Additions	-	-
Disposals	4.95	4.95
At March 31, 2020	**1,928.24**	**1,928.24**
Accumulated amortisation		
At April 1, 2018	**443.74**	**443.74**
Amortisation	611.10	611.10
Disposals	-	-
At March 31, 2019	**1,054.84**	**1,054.84**
Amortisation	349.27	349.27
Disposals	4.24	4.24
At March 31, 2020	**1,399.87**	**1,399.87**
Net block		
At March 31, 2019	**878.35**	**878.35**
At March 31, 2020	**528.37**	**528.37**

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Daimler Financial Services India Private Limited

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12 Trade payables (also refer note 38)

	As at March 31, 2020	As at March 31, 2019
Trade payables		
i. Total outstanding dues of micro enterprises and small enterprises	-	-
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	5,160.93	4,836.66
	5,160.93	**4,836.66**

13 Debt securities (unsecured, at amortised cost) (also refer note 13.1)

	As at March 31, 2020	As at March 31, 2019
Nil (March 31, 2019 : 4,000) Series 5, 8.12% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	43,016.64
Nil (March 31, 2019 : 3,500) Series 6, 7.80% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	37,061.93
Nil (March 31, 2019 : 2,500) Series 7, 7.44% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	26,115.51
Nil (March 31, 2019 : 2,000) Series 8, 7.35% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	20,740.11
Nil (March 31, 2019 : 3,000) Series 9, 7.50% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	30,955.39
Nil (March 31, 2019 : 3,000) Series 10, 7.60% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	30,766.17
Nil (March 31, 2019 : 2,000) Series 11, 8.35% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	-	20,241.73
950 (March 31, 2019 : 950) Series 12, 7.95% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	10,232.49	10,225.83
4000 (March 31, 2019 : Nil) Series 13, 8.35% Unsecured, Redeemable Non Convertible debentures (Face value of Rs. 1,000,000 each)	41,770.38	-
Commercial paper	126,529.39	145,673.90
	178,532.26	**364,797.21**
Debt securities in India	178,532.26	364,797.21
Debt securities outside India	-	-
	178,532.26	**364,797.21**

Commercial paper issued at face value of INR 5 lakh carry interest ranging between 5.45% - 8.05% p.a (March 31, 2019: 7.10% - 8.75% p.a) with maturity period ranging between 15 - 364 days (March 31, 2019: 21 - 365 days).

14 Borrowings (other than debt securities, at amortised cost)

	As at March 31, 2020	As at March 31, 2019
Term loans		
from banks (unsecured) (also refer note 14.1)	250,719.06	152,158.50
from other parties (Financial Institutions) (unsecured) (also refer note 14.2)	45,000.00	30,000.00
Short term loans from banks (unsecured) (also refer note 14.3)	146,664.52	95,082.11
	442,383.58	**277,240.61**
Borrowings in India	442,383.58	277,240.61
Borrowings outside India	-	-
	442,383.58	**277,240.61**

Loan facilities taken from various banks carry interest rate ranging between 5.95% - 8.99% p.a (March 31, 2019: 6.92% - 8.99% p.s) with maturity period ranging between 7 - 732 days (March 31, 2019: 1- 728 days).

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

13.1 Details of terms of redemption/repayment and security provided in respect of debt securities (unsecured)

Particulars	Terms of Redemption	As at March 31, 2020
Non Convertible debentures (Unsecured)		
950 Series 12, 7 95% Unsecured, Redeemable Non Convertible debentures (Face value of Rs 1,000,000 each)	Coupon Rate - 7 95% p a. Coupon Payment Frequency - Annually and on Maturity Principal Payment Frequency - Bullet payment at the end of tenor Tenor - 1 year and 364 days	10,232.49
4000 Series 13, 8 35% Unsecured, Redeemable Non Convertible debentures (Face value of Rs 1,000,000 each)	Coupon Rate - 8 35% p a Coupon Payment Frequency - Annually and on Maturity Principal Payment Frequency - Bullet payment at the end of tenor Tenor - 1 year and 363 days	41,770 38
Total of non convertible debentures		**52,002.87**

Particulars	Terms of Redemption	As at March 31, 2020
Commercial paper (Unsecured)		
Commercial paper - 1	Payable at the end of 12 months tenor	9,657.51
Commercial paper - 2	Payable at the end of 12 months tenor	19,276 02
Commercial paper - 3	Payable at the end of 6 months tenor	24,708 37
Commercial paper - 4	Payable at the end of 6 months tenor	24,502 67
Commercial paper - 5	Payable at the end of 8 months tenor	24,008.98
Commercial paper - 6	Payable at the end of 6 months tenor	24,375.84
Total of commercial paper		**126,529.39**

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

14.1 Details of terms of redemption/repayment and security provided in respect of term loan from banks (unsecured)

Particulars	Terms of Redemption	As at March 31, 2020
Term Loan - 1	Coupon Rate - 8.60% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	22,155.51
Term Loan - 2	Coupon Rate - 8.65% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	28,970.00
Term Loan - 3	Coupon Rate - 8.65% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	30,000.00
Term Loan - 4	Coupon Rate - 8.80% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	19,000.00
Term Loan - 5	Coupon Rate - 8.99% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	22,000.00
Term Loan - 6	Coupon Rate - 8.74% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	20,000.00
Term Loan - 7	Coupon Rate - 8.60% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	10,000.00
Term Loan - 8	Coupon Rate - 8.27% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	19,000.00
Term Loan - 9	Coupon Rate - 7.90% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	15,000.00
Term Loan - 10	Coupon Rate - 7.85% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	15,093.55
Term Loan - 11	Coupon Rate - 7.25% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	30,000.00
Term Loan - 12	Coupon Rate - 7.00% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	19,500.00
Total of term loan from banks		**250,719.06**

14.2 Details of terms of redemption/repayment and security provided in respect of term loan from financial institutions ("FI") (unsecured)

Loans from FIs - 1	Coupon Rate - 8.25% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	15,000.00
Loans from FIs - 2	Coupon Rate - 8.60% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 24 months	30,000.00
Total of Loans from FIs		**45,000.00**

All term loan from banks (14.1 & 14.3) and term loan from Financials Institutions(FI) (14.2) are guaranteed by a corporate guarantee issued by Daimler AG, Germany (parent company)

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

14.3 Details of terms of redemption/repayment and security provided in respect of Short term loans from banks (unsecured)

Particulars	Terms of Redemption	As at March 31, 2020
Bank Loan - 1	Coupon Rate - 7.83% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months	10,062.22
Bank Loan - 2	Coupon Rate - 7.60% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months	10,060.38
Bank Loan - 3	Coupon Rate - 7.42% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months	10,058.95
Bank Loan - 4	Coupon Rate - 7.00% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months	5,000.00
Bank Loan - 5	Coupon Rate - 7.05% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months	10,056.01
Bank Loan - 6	Coupon Rate - 6.75% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 11 months	19,000.00
Bank Loan - 7	Coupon Rate - 6.65% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	7,000.00
Bank Loan - 8	Coupon Rate - 6.65% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	500.00
Bank Loan - 9	Coupon Rate - 6.50% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 6 months	3,000.00
Bank Loan - 10	Coupon Rate - 7.75% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 6 months	10,014.86
Bank Loan - 11	Coupon Rate - 7.25% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	11,000.00
Bank Loan - 12	Coupon Rate - 7.25% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	3,500.00
Bank Loan - 13	Coupon Rate - 6.75% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 4 months	6,500.00
Bank Loan - 14	Coupon Rate - 8.80% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 3 months	10,000.00
Bank Loan - 15	Coupon Rate - 8.00% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	5,000.00
Bank Loan - 16	Coupon Rate - 6.50% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 5 months	2,900.00
Bank Loan - 17	Coupon Rate - 6.80% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 12 months.	15,000.00
Bank Loan - 18	Coupon Rate - 7.90% p.a. Coupon Payment Frequency - Monthly and on Maturity Principal Payment Frequency - At the end of 6 months	8,012.10
Total of short term loans from banks		**146,664.52**

All loan from banks (14.1 & 14.3) and from Financials Institutions(FI) (14.2) are guaranteed by a corporate guarantee issued by Daimler AG, Germany (parent company).

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

15 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Payable under financing activity	38,450.93	98,395.60
Interest - free security deposits from customers	4,498.64	4,718.54
Payable to employees	89.16	253.63
Other payables	3,633.26	6,142.27
	46,671.99	**109,510.04**

16 Provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity	115.66	34.56
Provision for compensated absences	105.43	96.16
	221.09	**130.72**

17 Other non-financial liabilities

	As at March 31, 2020	As at March 31, 2019
Income received in advance	33.89	336.60
Statutory dues payable	371.34	512.03
	405.23	**848.63**

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

18 Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorized		
2,000,000,000 (March 31, 2019: 2,000,000,000) equity shares of Rs. 10 each	200,000.00	200,000.00
	200,000.00	200,000.00
Issued, subscribed and fully paid-up		
1,379,170,000 (March 31, 2019: 1,379,170,000) equity shares of Rs 10 each fully paid up	137,917.00	137,917.00
	137,917.00	137,917.00

a) Reconciliation of equity shares and share capital outstanding at the beginning and at the end of the reporting year

	As at March 31, 2020		As at March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
At the commencement of the year	1,379,170,000	137,917.00	1,379,170,000	137,917.00
Shares issued for cash	-	-	-	-
At the end of the year	**1,379,170,000**	**137,917.00**	**1,379,170,000**	**137,917.00**

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. All shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. On winding up, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Details of shares held by the holding and ultimate holding company

	As at March 31, 2020		As at March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
Daimler AG, Germany (includes the nominee shareholder)	1,379,170,000	137,917.00	1,379,170,000	137,917.00
	1,379,170,000	137,917.00	1,379,170,000	137,917.00

d) Particulars of shareholders holding more than 5% of equity shares of Rs 10 each fully paid in the Company

	As at March 31, 2020		As at March 31, 2019	
	No. of shares*	% held	No. of shares*	% held
Daimler AG, Germany (including the nominee shareholder)	1,379,170,000	100.00%	1,379,170,000	100.00%
	1,379,170,000	100.00%	1,379,170,000	100.00%

*Shares details are in absolute numbers.

e) Five year information

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Shares allotted without payment being received in cash	-	-	-	-	-
Shares allotted by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

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18 (A) Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment.

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory Capital

	As at March 31, 2020	As at March 31, 2019
Tier I Capital	145,015.56	163,974.36
Tier II Capital	7,835.26	11,624.88
Total Capital	**152,850.82**	**175,599.24**
Risk Weighted Assets	**808,954.06**	**933,482.59**
CRAR%	**18.90%**	**18.81%**
CRAR - Tier I Capital%	17.93%	17.56%
CRAR - Tier II Capital%	0.97%	1.25%

The Company's adjusted net debt to equity ratio is as follows:

The Company monitors capital using Adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and cash equivalents.

	As at March 31, 2020	As at March 31, 2019
Total debt	620,915.84	632,099.71
Less: Cash and cash equivalents	24,294.17	4,721.85
Adjusted net debt	**596,621.67**	**627,377.86**
Total equity	161,541.05	173,239.77
Adjusted Net debt to equity ratio	**3.69**	**3.62**

19 Other equity

i. Statutory reserve **(As per Section 45-IC of Reserve Bank of India Act, 1934)**	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	6,392.06	5,243.89
Add: Amount transferred from surplus in the Statement of Profit and Loss	-	1,148.17
Closing balance	**6,392.06**	**6,392.06**
ii. Retained earnings (Surplus in the Statement of Profit and Loss)		
At the beginning of the year	28,930.71	24,337.38
Add: Profit for the year	(11,671.97)	5,740.87
Add: Other comprehensive income for the period	(26.75)	0.63
Less: Transferred to statutory reserve	-	(1,148.17)
Closing balance	**17,231.99**	**28,930.71**
Total other equity	**23,624.05**	**35,322.77**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. Nil (March 31, 2019: Rs. 1,148.17 lakhs), out of the profit after tax for the year ended March 31, 2020 to Statutory Reserve. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by Reserve Bank of India.

Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

20 Interest income (on financial assets measured at amortised cost)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loans	84,884.75	91,053.02
Interest on deposits with banks	50.12	50.07
	84,934.87	**91,103.09**

21 Income from operating lease

	Year ended March 31, 2020	Year ended March 31, 2019
Lease rental income	1,923.72	2,658.24
	1,923.72	**2,658.24**

22 Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Recovery of written off loans and receivables	223.57	261.53
Miscellaneous income	2.29	107.67
	225.86	**369.20**

23 Finance costs (on financial liabilities measured at amortised cost)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on -		
Debt securities	16,938.53	32,488.00
Borrowings (Other than debt securities)	30,643.71	22,303.03
Other interest expense	814.85	767.09
	48,397.09	**55,558.12**

24 Impairment on financial instruments (on financial assets measured at amortised cost)

	Year ended March 31, 2020	Year ended March 31, 2019
Impairment loss allowance on loans (net off provision relating to financial guarantees)	27,926.69	12,083.38
Impairment loss allowance on others	(158.06)	18.47
Loans written off	12,243.09	4,690.24
	40,011.72	**16,792.09**

25 Employee benefit expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	5,242.05	6,129.94
Contribution to provident and other funds (refer note 32)	203.61	196.23
Staff welfare expenses	146.89	178.54
	5,592.55	**6,504.71**

26 Depreciation and amortisation

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	1,397.87	2,038.11
Amortisation of intangible assets	349.27	611.10
	1,747.14	**2,649.21**

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

27 Other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Legal and professional charges	1,865.19	1,853.99
Travel and conveyance expenses	342.69	587.62
Rates and taxes	104.84	146.45
Rent	49.47	186.70
Repairs and maintenance - others	96.45	200.33
Corporate social responsibility expenses (refer note 37)	232.87	218.80
Insurance	122.96	138.65
System and infrastructure support	1,058.56	990.46
Collection expenses	634.38	509.54
Payment to statutory auditors (refer note 28)	65.13	44.29
Shared service cost	1,255.99	502.97
General marketing expenses	1,144.15	35.80
Other processing fees and bank charges	452.56	349.89
Other expenditure	522.53	841.14
	7,947.77	**6,606.63**

28 Payment to statutory auditors*

	Year ended March 31, 2020	Year ended March 31, 2019
Statutory audit	53.50	34.50
Tax audit	3.50	3.50
Other certifications	5.75	5.00
Out of pocket expenses	2.38	1.29
Total	**65.13**	**44.29**

* excluding applicable taxes

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29 Earnings per share

Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Since the shares issued by the Company are non-dilutive in nature, the Company's basic and diluted earnings per share shall remain the same.

i. Profit attributable to equity shareholders (basic and diluted)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year, attributable to the equity holders	(11,671.97)	5,740.87

ii. Weighted average number of equity shares (basic and diluted)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,379,170,000	1,379,170,000
Effect of fresh issue of shares for cash	-	-
Weighted average number of equity shares for the year	**1,379,170,000**	**1,379,170,000**
Earnings per share (face value Rs. 10 each)		
Basic earnings per share	(0.85)	0.42
Diluted earnings per share	(0.85)	0.42

30 Operating segments

Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director to make decisions about resources to be allocated to the segments and assess their performance. Managing Director of the Company is considered to be the Chief Operating Decision Maker (CODM) within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. Managing Director of the Company reviews the operating results of the Company as a whole and therefore there is only one reportable segment as required by Ind AS 108 Operating Segments.

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31 Income tax

A Amounts recognised in profit and loss

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current year (a)	6,532.73	7,611.69
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	(7,664.21)	(4,499.33)
Tax expense for the year (a) + (b)	**(1,131.48)**	**3,112.36**

B Income tax recognised in other comprehensive income

	Year ended March 31, 2020	Year ended March 31, 2019
Re-measurements of defined benefit liability (asset)	(35.75)	0.97
Income tax relating to items that will not be reclassified to profit or loss	9.00	(0.34)
Net of tax	**(26.75)**	**0.63**

C Reconciliation of effective tax rate

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	(12,803.45)	8,853.23
Applicable tax rate	25.17%	34.94%
Computed tax expense	(3,222.37)	3,093.67
Effect of:		
Others	(127.17)	(50.44)
Permanent differences	41.10	69.13
Change in income tax rate (Refer note below)	2,176.96	-
Income tax expense recognised in statement of profit and loss	**(1,131.48)**	**3,112.36**
Effective tax rate	**8.84%**	**35.16%**

Note:

The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and remeasured its deferred tax assets basis the rate prescribed in the said section. The full impact of above mentioned change amounting to INR 2,176.96 Lakhs has been recognised in the standalone statement of profit and loss for the year ended March 31, 2020.

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

D Recognised deferred tax assets and liabilities

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

Movement in temporary differences	Balance as at April 1, 2019	Recognised in profit or loss during the year 2019-2020	Recognised in OCI during the year 2019-2020	Balance as at March 31, 2020
Impairment on financial instruments	8,341.58	4,650.09	-	12,991.67
Expenses disallowed on account non-deduction of tax at source	684.34	2,512.45	-	3,196.79
Provision for gratuity ,bonus and leave encashment	115.57	(52.57)	9.00	72.00
Excess of depreciation/amortisation on fixed assets under Income tax over depreciation/ amortisation provided in accounts	(502.83)	314.43	-	(188.40)
Fair valuation of financial liabilities	(32.35)	9.05	-	(23.30)
Recognition of unrecognised lease and interest income	(824.85)	230.76	-	(594.09)
	7,781.46	**7,664.21**	**9.00**	**15,454.67**

Movement in temporary differences	Balance as at April 1, 2018	Recognised in profit or loss during the year 2018-2019	Recognised in OCI during the year 2018-2019	Balance as at March 31, 2019
Impairment on financial instruments	4,110.66	4,230.92	-	8,341.58
Expenses disallowed on account non-deduction of tax at source	818.44	(134.10)	-	684.34
Provision for gratuity ,bonus and leave encashment	107.96	7.95	(0.34)	115.57
Excess of depreciation/amortisation on fixed assets under Income tax over depreciation/ amortisation provided in accounts	(897.39)	394.56	-	(502.83)
Fair valuation of financial liabilities	(32.35)	-	-	(32.35)
Recognition of unrecognised lease and interest income	(824.85)	-	-	(824.85)
	3,282.47	**4,499.33**	**(0.34)**	**7,781.46**

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32 Assets and liabilities relating to employee benefits

	As at March 31, 2020	As at March 31, 2019
Net defined benefit liability - Gratuity plan	115.66	34.56
Liability for compensated absences	105.43	96.16

For details about the related employee benefit expenses, see Note 25.

A Defined contribution plan

Provident fund:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to INR 131.71 lakhs (2018-19: INR 143.79 lakhs).

B Defined benefit plans

Gratuity:

The Company operates post-employment defined benefit plans that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 day's of salary for each year or part thereof in excess of six months of completed service at the time of retirement/exit. The Company has its own gratuity trust and the scheme is currently funded.

i) The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

32 Assets and liabilities relating to employee benefits (Continued)

B Defined benefit plans (Continued)

ii) Funding

Defined benefit plan is fully funded by the Company with Life Insurance Corporation of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out. Employees do not contribute to the plan.

iii) Reconciliation of net defined benefit (asset)

i. Reconciliation of present value of defined benefit obligation - Gratuity plan

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	195.01	193.26
Benefits paid	(42.09)	(54.52)
Current service cost	43.13	46.65
Interest cost	14.05	14.26
Liabilities assumed on acquisition	-	-
Actuarial (gain)/loss recognized in other comprehensive income		
changes in financial assumptions	16.51	3.09
changes in demographic assumptions	-	(0.02)
experience adjustments	9.55	(7.71)
Past service cost	-	-
Balance at the end of the year	**236.16**	**195.01**

ii. Reconciliation of fair value of plan assets

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	160.45	183.90
Interest income plan assets	11.81	13.92
Actual Company Contributions	-	20.82
Assets acquired /settled	-	-
Actuarial gain/(loss) recognized in other comprehensive income	(9.69)	(3.66)
Benefits Paid	(42.09)	(54.53)
Balance at the end of the year	**120.48**	**160.45**

iv) *i. Expense recognized in profit or loss*

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	43.13	46.65
Interest cost	14.05	14.26
Past service cost	-	-
Interest income	2.23	0.34
	59.41	**61.24**

ii. Remeasurements recognized in other comprehensive income

	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (gain) loss on defined benefit obligation	26.06	(4.63)
Return on plan assets excluding interest income	9.69	3.66
	35.75	**(0.97)**

v) Plan assets

	As at March 31, 2020	As at March 31, 2019
Insurer managed funds	120.48	160.45

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

32 Assets and liabilities relating to employee benefits (Continued)

B Defined benefit plans (Continued)

vi) Defined Benefit Obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date for gratuity valuation (expressed as weighted averages):

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.65%	7.75%
Future salary growth	7.00%	7.00%
Attrition rate	10.00%	10.00%

At March 31, 2020, the weighted average duration of the defined benefit obligation was 8.23 years. (March 31, 2019: 8.04 years)

ii. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	226.75	246.21	187.43	203.12
Future salary growth (0.5% movement)	246.13	226.73	203.12	187.36

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Five year information

Gratuity	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined benefit obligation	236.16	195.01	193.26	160.91	111.38
Fair value of plan assets	120.48	160.45	183.90	150.24	-
Surplus / (deficit) in the plan	(115.68)	(34.56)	(9.36)	(10.68)	(111.38)
Experience adjustment arising on plan liabilities	26.06	(4.63)	-	6.35	(6.26)
Experience adjustment arising on plan assets	9.69	3.66	-	5.53	-

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

33 Financial instruments - fair values and risk management

A Accounting classifications and fair values

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Carrying amount		
	Amortized cost	FVOCI	FVTPL
Financial assets not measured at fair value			
Cash and cash equivalents	24,294.17	-	-
Trade receivables	190.25	-	-
Loans	780,944.06	-	-
Other financial assets	8,272.79	-	-
	813,701.27	-	-
Financial liabilities not measured at fair value			
Trade payables	5,160.93	-	-
Debt securities	178,532.26	-	-
Borrowings (other than debt securities)	442,383.58	-	-
Other financial liabilities	46,671.99	-	-
	672,748.76	-	-

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Carrying amount		
	Amortized cost	FVOCI	FVTPL
Financial assets not measured at fair value			
Cash and cash equivalents	4,721.85	-	-
Trade receivables	22.33	-	-
Loans	901,722.39	-	-
Other financial assets	8,838.22	-	-
	915,304.79	-	-
Financial liabilities not measured at fair value			
Trade payables	4,836.66	-	-
Debt securities	364,797.21	-	-
Borrowings (other than debt securities)	277,240.61	-	-
Other financial liabilities	109,510.04	-	-
	756,384.52	-	-

Note: For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

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33 Financial instruments - fair values and risk management (Continued)

B Financial risk management

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's board of directors have the overall responsibility for establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

i. Credit risk
Credit risk arises from trade receivables, loans and advances and cash and cash equivalents.
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table.
For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.
For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

	March 31, 2020	March 31, 2019
Trade receivables	190.25	22.33
Cash and cash equivalents	24,294.17	4,721.85
Loans		
Loans	838,118.24	934,149.49
Loans to employees	71.71	131.23
Other financial assets	8,272.79	8,838.22
Total credit risk exposure	**870,947.16**	**947,863.12**

Trade receivables and loans and advances

i) Credit risk management
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.
The Company mitigates credit risk through stringent credit norms established and personally assesses each borrower, before committing to a credit exposure.
The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables and loans and advances.

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

33 Financial instruments - fair values and risk management (Continued)

The Company's exposure to credit risk for trade receivables and loans by type of customers are as follows:

	Carrying amount	
	March 31, 2020	March 31, 2019
Wholesale customers	204,028.71	285,528.68
Retail customers - Passenger cars	400,357.27	376,249.64
Retail customers - Commercial vehicles (guaranteed portfolio)	26,603.22	72,340.79
Retail customers - Commercial vehicles (non-guaranteed portfolio)	207,129.04	200,030.39
Employee loan	71.71	131.23
Operating lease (including leased assets and trade receivables)	2,821.49	5,249.19
Receivable from insurance companies	115.00	92.00
	841,126.44	**939,621.91**

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:
- Internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic condition that are expected to cause a significant change to borrower's ability to meet its obligations
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third arty guarantees or credit enhancements.
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers and changes in operating results.

Macroeconomic information is incorporated as part of the internal rating model.
In general, it is presumed that credit risk has increased since initial recognition if the payments are more than 30 days past due.
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
• the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 455 days or more is considered fully impaired.

Staging:

As per Ind AS 109 general approach for all financial instruments are allocated to stage 1 on initial recognition. However, if a increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

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33 Financial instruments - fair values and risk management (Continued)

As per Ind AS 109, Company assesses whether there is a increase in credit risk at the reporting date from the initial recognisation. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the significant portfolios and has divided the portfolio into following groups:

- Retail loan - Commercial vehicle (guaranteed portfolio)
- Retail loan - Commercial vehicle (non-guaranteed portfolio)
- Retail loan - Passenger cars
- Wholesale dealer loans
- Operating lease portfolio

Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Pluto Tash Model was used to forecast the PD term structure over lifetime of loans for wholesale dealer loans and Vaseick Model was used for retail loans and operating lease portfolio . As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last four years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. The Company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of following components, which are:
a) Outstanding balance (POS)
b) Recovery amount (discounted yearly) by initial contractual rate
c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
d) Whether the portfolio has been guaranteed

Also refer note 40 - Impact of Covid-19.

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33 Financial instruments - fair values and risk management (Continued)

EAD:
As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

The Company has considered expected cash flows and undrawn exposures for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:
As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:
Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Stage	Provisions	As at March 31, 2020	As at March 31, 2019
Stage 1	12 month provision	11,449.25	5,073.92
Stage 2	Life time provision	10,699.40	8,292.01
Stage 3	Life time provision	35,097.24	19,192.40
Total		57,245.89	32,558.33

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	845,419.72	50,252.08	38,608.92	934,280.72
Asset derecognised or repaid (including write-off)	(454,712.15)	(23,076.87)	(26,142.44)	(503,931.46)
Net transfer of asset within stages including partial repayment				-
Transfer from stage 1	(85,070.01)	32,425.05	52,644.95	-
Transfer from stage 2	4,189.82	(19,073.32)	14,883.50	-
Transfer from stage 3	2,284.20	1,187.04	(3,471.24)	-
New assets originated	312,337.75	15,093.50	80,409.45	407,840.69
Gross carrying amount closing balance	**624,449.33**	**56,807.48**	**156,933.14**	**838,189.95**

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	839,892.12	37,238.27	51,336.10	928,466.49
Asset derecognised or repaid (including write-off)	(408,033.59)	(13,278.09)	(40,135.74)	(461,447.43)
Net transfer of asset within stages including partial repayment	(54,651.43)	14,592.04	20,472.54	(19,586.85)
New assets originated	468,212.63	11,699.86	6,936.02	486,848.51
Gross carrying amount closing balance	**845,419.72**	**50,252.08**	**38,608.92**	**934,280.72**

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Daimler Financial Services India Private Limited

33 Financial instruments - fair values and risk management (Continued)

Reconciliation of ECL balance for loans is given below:

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	5,073.92	8,292.01	19,192.40	32,558.33
Addition during the year	7,734.40	6,273.05	30,909.77	44,917.22
Utilization / reversal during the year	(1,359.07)	(3,865.66)	(15,004.93)	(20,229.66)
ECL allowance - closing balance	**11,449.25**	**10,699.40**	**35,097.24**	**57,245.89**

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,426.13	7,438.45	32,703.78	44,568.36
Addition during the year	3,726.80	7,181.11	15,474.73	26,382.64
Utilization / reversal during the year	(3,079.01)	(6,327.55)	(28,986.11)	(38,392.67)
ECL allowance - closing balance	**5,073.92**	**8,292.01**	**19,192.40**	**32,558.33**

* Impairment loss allowance includes loss allowance amounting to Rs. 5,368.96 lakhs (March 31, 2019: Rs. 8,608.10 lakhs) on account of portfolio which has been guaranteed by group company - Daimler India Commercial Vehicles Private Limited. Also refer note 6.1 and 7.

Summary of trade receivable and its ECL is given below:

Particulars	March 31, 2020	March 31, 2019
Balance as at period end	459.01	449.15
ECL allowance as at year end	(268.76)	(426.82)
Net carrying value	**190.25**	**22.33**

Analysis of credit concentration risks

The following table shows the risk concentration of loan portfolio by characteristics given above

Particulars	As at March 31, 2020	As at March 31, 2019
- Retail loan - Commercial vehicle	207,129.04	200,030.39
- Retail loan - Commercial vehicle (guaranteed portfolio)	26,603.22	72,340.79
- Retail loan - Passenger cars	400,357.27	376,249.64
- Wholesale dealer loans	204,028.71	285,528.68
- Employee loans	71.71	131.23
Total	**838,189.95**	**934,280.72**

Cash and Cash equivalents

The Company holds cash and cash equivalents of INR 24,294.17 lakh at March 31, 2020 (March 31, 2019: INR 4,721.85 lakh). The cash and cash equivalents are held with banks.

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

33 Financial instruments - fair values and risk management (continued)

C Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

	March 31, 2020	March 31, 2019
Sanctioned bank loans undrawn by the Company	208,835.25	368,030.00

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at March 31, 2020:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	5,160.93	5,160.93	-	-	-
Debt securities	178,532.26	138,532.26	40,000.00	-	-
Borrowings (other than debt securities)	442,383.58	328,883.58	113,500.00	-	-
Other financial liabilities	46,671.99	43,930.39	2,266.64	474.46	0.50
Total	**672,748.76**	**516,507.16**	**155,766.64**	**474.46**	**0.50**
Financial assets					
Cash and cash equivalents	24,294.17	24,294.17	-	-	-
Trade receivables	190.25	190.25	-	-	-
Loans *	838,189.95	311,060.14	294,550.11	228,235.51	4,344.19
Other financial assets	8,272.79	8,272.79	-	-	-
Total	**870,947.16**	**343,817.35**	**294,550.11**	**228,235.51**	**4,344.19**

* Loans are shown at gross amount which excludes impairment loss allowance. Also refer note 6

March 31, 2019

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	4,836.66	4,836.66	-	-	-
Debt securities	364,797.21	354,541.96	10,255.25	-	-
Borrowings (other than debt securities)	277,240.61	89,044.28	188,196.33	-	-
Other financial liabilities	109,510.04	105,787.86	2,777.59	940.31	4.27
Total	**756,384.52**	**554,210.77**	**201,229.17**	**940.31**	**4.27**
Financial assets					
Cash and cash equivalents	4,721.85	4,721.85	-	-	-
Trade receivables	22.33	22.33	-	-	-
Loans	934,280.72	474,941.87	336,292.35	113,748.84	9,297.66
Other financial assets	8,838.22	8,838.22	-	-	-
Total	**947,863.12**	**488,524.27**	**336,292.35**	**113,748.84**	**9,297.66**

* Loans are shown at gross amount which excludes impairment loss allowance. Also refer note 6

Also refer note 40 - Impact of Covid-19.

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Daimler Financial Services India Private Limited

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

33 Financial instruments - fair values and risk management (continued)

C Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates that will affect the Company's expense or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which receivables and payables are denominated and the respective functional currencies of the customers and Group companies. The functional currency of the Company is INR. The transactions of the Company are primarily denominated in INR. Currency risk predominantly arise from the transactions with Group companies.

The Company does not use any hedging instruments to hedge its exposure to movements in foreign exchange rates.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported:

Particulars	March 31, 2020		March 31, 2019	
	Foreign currency	INR	Foreign currency	INR
Payables				
Foreign currency (Euro)	16.64	1,379.38	14.49	1,126.20
Foreign currency (SGD)	16.65	882.74	6.59	336.88
Foreign currency (USD)	4.21	318.55	3.86	266.89
Foreign currency (TRY)	0.13	1.46	0.35	4.30
Foreign currency (PHP)	3.94	220.00	-	-
Total		**2,802.13**		**1,734.27**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against Euro, SGD, USD, TRY and PHP at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast transactions.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
Euro (2% movement)	27.59	(27.59)	20.64	(20.64)
SGD (2% movement)	17.65	(17.65)	13.21	(13.21)
USD (2% movement)	6.37	(6.37)	4.77	(4.77)
TRY (2% movement)	0.03	(0.03)	0.02	(0.02)
PHP (2% movement)	4.40	(4.40)	3.29	(3.29)
March 31, 2019				
Euro (2% movement)	22.52	(22.52)	14.64	(14.64)
SGD (2% movement)	6.74	(6.74)	4.38	(4.38)
USD (2% movement)	5.34	(5.34)	3.47	(3.47)
TRY (2% movement)	0.09	(0.09)	0.06	(0.06)
PHP (2% movement)	-	-	-	-

Interest rate risk

The Company's interest rate risk exposure is at fixed rate and hence cash flows of the Company are not affected by the change in interest rates.

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34 Leases as a lessor

The Company has leased out vehicles. The lease term on an average is 3 years. There is no escalation or renewal clause in the lease agreements and sub-leasing is not permitted. The carrying amounts of vehicles given on operating leases and depreciation thereon for the period are as follows:

	March 31, 2020	March 31, 2019
Gross carrying amount	2,883.27	6,813.86
Accumulated depreciation	398.12	1,881.79
Net carrying amount	2,485.15	4,932.07
Depreciation for the year	1,134.24	1,641.62

Future minimum lease rentals

The future minimum lease rentals receivables under non-cancellable operating leases are as follows:

	March 31, 2020	March 31, 2019
Within less than one year	687.44	1,831.49
Between one and five years	592.33	952.44
After more than five years	-	-
Total	**1,279.77**	**2,783.93**

Amounts recognised in profit or loss

	Year ended March 31, 2020	Year ended March 31, 2019
Lease rental income	1,923.72	2,599.08

Leases as a lessee

The Company has applied Ind AS 116 Leases from April 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at April 1, 2019. Accordingly, the comparative information presented for the year ended March 31, 2019 is not restated - i.e. it is presented, as previously reported, under Ind AS 17.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application.

On transition, considering the practical expedient, the Company has not recognised any lease liability and right-of-use relating to operating lease.

Gross rental expenses for the year ended March 31, 2020 aggregated to INR 49.47 lakh (March 31, 2019: INR 186.70 lakh) which has been included under "Rent" in the Statement of Profit and Loss.

Future minimum lease rentals

The future minimum lease rentals payables under non-cancellable operating leases are as follows:

	March 31, 2020	March 31, 2019
Within less than one year	13.58	44.18
Between one and five years	-	-
After more than five years	-	-

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

35 Related parties

A Parent and ultimate controlling party

Daimler AG, Germany

Fellow subsidiary

Daimler India Commercial Vehicles Private Limited, India
Daimler South East Asia Pte. Ltd., Singapore
Daimler Financial Services AG, Germany
Daimler International Assignment Services USA, LLC, USA
Daimler TSS GmbH, Germany
Mercedes Benz India Private Limited, India
Mercedes-Benz Financial Services Hongkong Limited, Hong Kong
Mercedes Benz Research and Development India Private Limited, India
Mercedes-Benz Finansman Türk A.S, Turkey
Mercedes-Benz Financial Services (UK) Ltd, UK
Mercedes-Benz Project Consult GmbH, Germany
Mercedes-Benz Services Malaysia Sdn Bhd, Malaysia
Mercedes-Benz Financial Services USA LLC, USA
Mercedes-Benz Leasing GmbH, Germany
Mercedes-Benz Group Services Philippines, Inc., Philippines
Mercedes-Benz Financial Services South Africa (Pty) Ltd, South Africa
Mercedes-Benz Financial Services Nederland B.V.
Daimler Financial Services Africa and Asia Pacific Ltd., Singapore

Key Managerial Personnel

Friederich Weick - Managing Director
Ramasami Muthaiyah - Whole time Director and Chief Financial Officer
Asmaa Auraha Hermiz Jamil - Whole time Director
Virginia Irene Azavedo - Whole time Director

Other related party

Daimler Financial Services India Employees Gratuity Trust

B Transactions with key management personnel

i. Key management personnel compensation

Salaries, wages and bonus	Transaction value	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Friederich Weick	839.45	766.49
Ramasami Muthaiyah	552.08	609.73
Asmaa Auraha Hermiz Jamil	436.28	721.28
Virginia Irene Azavedo	256.48	366.98
	2,084.29	**2,464.48**

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

35 Related parties (Continued)

C Transactions other than those with key management personnel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Daimler AG		
Reimbursement of expenses towards software support and maintenance	128.88	17.34
Corporate guarantee fees for bank and FI borrowings	416.83	330.60
Reimbursement of expenses towards staff training expenses	3.91	4.91
Reimbursement of expat salaries, bonus and allowances	-	75.74
Recovery of expenses towards travel expenses	-	(2.33)
Daimler India Commercial Vehicles Private Limited		
Shared Service Cost	267.24	302.39
Interest income on loans	(1,493.50)	(2,782.90)
Reimbursement of expenses towards other cost	6.42	3.84
Recovery of collection costs	(293.81)	(800.03)
Reimbursement of expenses towards general marketing	54.00	34.60
Charges collected	(357.58)	(752.04)
Daimler South East Asia Pte. Ltd, Singapore		
Reimbursement of expenses towards system and infrastructure support	113.45	66.17
Recovery of expenses towards travel and accommodation	-	(32.21)
Recovery of expenses towards system and infrastructure support	-	(11.32)
Daimler Financial Services AG		
Reimbursement of expenses towards travel cost	-	5.35
Reimbursement of expenses towards software support and maintenance	-	4.37
Recovery of other expenses	(14.83)	(9.39)
Daimler International Assignment Services, USA		
Reimbursement of expat cost	354.29	309.21
Daimler TSS GmbH		
Reimbursement of expenses towards system and infrastructure support	5.07	15.22
Mercedes Benz India Private Limited		
Shared Service Cost	1,108.62	114.75
Interest income on loans	(13,393.10)	(4,319.55)
Reimbursement of expenses towards general marketing	70.72	151.90
Finance cost	-	5.00
Reimbursement of expenses towards system and infrastructure support	193.22	72.80
Mercedes Benz Research and Development India Private Limited		
Reimbursement of other expenses	-	3.75
Reimbursement of expenses towards system and infrastructure support	4.58	17.23
Interest income on loans on operating lease	(176.82)	(164.70)
Mercedes-Benz Finansman Turk A.S.		
Reimbursement of expenses	-	5.22
Mercedes-Benz Project Consult GmbH		
Reimbursement of expenses towards system and infrastructure support	5.64	191.58
Mercedes-Benz Financial Services USA LLC		
Reimbursement of expenses	2.04	4.74
Mercedes-Benz Leasing GmbH		
Reimbursement of expenses	0.35	0.71

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Daimler Financial Services India Private Limited

35 Related parties (Continued)

C Transactions other than those with key management personnel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Mercedes-Benz Group Services Philippines, Inc.		
Shared Service Cost	178 89	297.64
Mercedes-Benz Financial Services Nederland B.V.		
Reimbursement of expenses	34.67	160.75
Daimler Financial Services Africa and Asia Pacific Ltd. Singapore		
Reimbursement of expenses system and infrastructure support	569.29	479 89
Reimbursement of expenses towards other cost	-	0.83
Reimbursement of expenses towards general marketing	-	24 10
Reimbursement of expenses towards staff training expenses	-	5 15
Daimler Financial Services India Employees Gratuity Trust		
Contributions made to the trust	4.13	20.82

D Balances outstanding with related parties

Particulars	Balance as at March 31, 2020	Balance as at March 31, 2019
Daimler AG, Germany	(828.14)	(501.98)
Daimler India Commercial Vehicles Private Limited, India*	8,020.35	(13,797.11)
Daimler South East Asia Pte Ltd., Singapore	(107.22)	(37 78)
Daimler Financial Services AG, Germany	(4.13)	(9.72)
Daimler International Assignment Services USA, LLC USA	(280 13)	(196.11)
Daimler TSS GMBH	(20 30)	(15.22)
Mercedes Benz India Private Limited, India*	(38,004.85)	(76,419 12)
Mercedes Benz Research and Development India Private Limited	14.60	4.39
Mercedes-Benz Finansman Turk A.S.	(1.46)	(4.30)
Mercedes-Benz Project Consult GmBH, Germany	(18.43)	(187.91)
Mercedes-Benz Financial Services USA LLC	(6.49)	(4.74)
Mercedes-Benz Leasing GmbH	(0.82)	(0.71)
Mercedes-Benz Group Services Philippines, Inc	(220.00)	(124.50)
Mercedes-Benz Financial Services Nederland B.V.	(64.43)	(160.75)
Daimler Financial Services Africa and Asia Pacific Ltd. Singapore	(820.07)	(299.09)
Daimler Financial Services India Employees Gratuity Trust	-	0.10

* Includes balance payable towards financing activity to Daimler India Commercial Vehicles Private Limited and Mercedes Benz India Private Limited amounting to Rs. 23.54 lakhs (March 31, 2019: Rs 26,930.95 lakhs) and Rs. 38,427 39 lakhs (March 31, 2019: Rs. 78,560.42) respectively. Financial guarantee receivable from Daimler India Commercial Vehicles Private Limited has been disclosed under note 6 1.

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

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

	As at March 31, 2020	As at March 31, 2019
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	93.07	-
Contingent liabilities		
Direct tax and indirect tax related matters	3,000.52	3,043.76
Guarantees given		
Guarantees given to Mercedes Benz India Private Limited on spare part limits provided to dealers	1,290.00	1,290.00
Bank Guarantees	1,225.00	680.00

37 Corporate Social Responsibility ("CSR") Expenditure

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Company during the year	232.87	217.97
Amount incurred during the year	232.87	218.00

38 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED Act, 2006'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2020	As at March 31, 2019
The amounts remaining unpaid to micro and small enterprises at the end of the year		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006')	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

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Daimler Financial Services India Private Limited

39 Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Particulars	**As at March 31, 2020**
Respective amount in SMA/overdue categories. Where the moratorium/deferment was extended	-
Respective amount where asset classification benefits is extended	-
General provision made	-
General provision adjusted during the period against slippages and the residual provisions	-

40 Impact of Covid-19:

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statement, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the RBI guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium up to three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to select borrowers in accordance with the Company's policy approved by its Board. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available, the Company has used potential stress on probability of default and loss given default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans (including write offs) of INR 40,011.72 lakhs including an additional impairment provision amounting to INR 5,269.65 lakhs during the year. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statement on a prudent basis. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position on an on-going basis. The Company will continue to monitor any material changes to the future economic conditions.

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Daimler Financial Services India Private Limited

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

41 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

As at March 31, 2020

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard Assets	Stage 1	626,814.35	11,473.71	615,340.64	4,950.64	6,523.07
	Stage 2	57,169.33	10,787.02	46,382.31	434.91	10,352.11
Subtotal		**683,983.68**	**22,260.73**	**661,722.95**	**5,385.55**	**16,875.18**
Non-Performing Assets (NPA)						
Sub-Standard	Stage 3	153,176.75	33,596.73	119,580.02	16,971.56	16,625.17
Doubtful				-		
- up to 1 year	Stage 3	3,976.76	1,657.18	2,319.58	1,074.63	582.55
- 1 to 3 years	Stage 3	-	-	-	-	-
- more than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,976.76**	**1,657.18**	**2,319.58**	**1,074.63**	**582.55**
Loss	Stage 3	-		-		-
Subtotal for NPA		**157,153.51**	**35,253.91**	**121,899.60**	**18,046.19**	**17,207.72**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**626,814.35**	**11,473.71**	**615,340.64**	**4,950.64**	**6,523.07**
	Stage 2	**57,169.33**	**10,787.02**	**46,382.31**	**434.91**	**10,352.11**
	Stage 3	**157,153.51**	**35,253.91**	**121,899.60**	**18,046.19**	**17,207.72**
	Total	**841,137.19**	**57,514.64**	**783,622.55**	**23,431.74**	**34,082.90**

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve.

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42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated

A Notes to the Balance Sheet of a non-banking financial company as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

Particulars	March 31, 2020		March 31, 2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid				
a Debentures				
Secured	-	-	-	
Unsecured	52,002.87	-	219,123.31	-
(Other than falling within the meaning of public deposit)				
b Deferred credits	-	-	-	-
c Term loans	250,719.06	-	152,158.50	-
d Inter corporate loans and borrowings	-	-	-	-
e Commercial papers (net of unamortized discount of INR 3,445.23 Lakh) (March 31, 2019 : INR 1,326.11 Lakh)	126,529.39	-	145,673.90	-
f Other loans				
- Bank overdraft	-	-	-	-
- Term Loan from others	45,000.00	-	30,000.00	-
- Short-term borrowings for working capital purposes	146,664.52	-	95,082.11	-

Particulars	March 31, 2020	March 31, 2019
	Amount Outstanding	
Assets side		
2 Break-up of Loans and Advances including bills receivables [other than those included in (3) below:]		
a Secured	310,618.67	392,166.05
b Unsecured	30.22	62.90
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	2,821.49	5,249.19
ii Stock on hire including hire charges under sundry debtors		
a Assets on hire	-	-
b Repossessed assets	-	-
iii Other loans counting		
a Loans where assets have been repossessed	2,726.86	1,064.23
b Loans other than (a) above	467,568.31	508,429.21
4 Break up of Investments		
Current investments		
1 Quoted:		
i Shares : (a) Equity	-	-
(b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government Securities	-	-
v Others	-	-
2 Unquoted:		
i Shares : (a) Equity	-	-
(b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government Securities	-	-
v Others	-	-

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (continued)

Particulars	March 31, 2020	March 31, 2019
	Amount Outstanding	
4 Break up of Investments (Continued)		
Long term investments		
1 Quoted:		
i Shares (a) Equity	-	-
(b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government Securities	-	-
v Others	-	-
2 Unquoted:		
i Shares (a) Equity	-	-
(b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government Securities	-	-
v Others	-	-

5 Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions as at					
	March 31, 2020			March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1 Related parties						
a Subsidiaries	-	-	-	-	-	-
b Companies in the same group	406.29	-	406.29	-	-	-
c Other related parties	-	-	-	-	-	-
2 Other than related parties	780,507.55	30.22	780,537.77	901,659.49	62.90	901,722.39
Total	**780,913.84**	**30.22**	**780,944.06**	**901,659.49**	**62.90**	**901,722.39**

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category		March 31, 2020		March 31, 2019	
		Market value/ Breakup or fair value or NAV	Book value Net of Provisions	Market value/ Breakup 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 (stage 3 assets)

Particulars	March 31, 2020	March 31, 2019
1 Gross non-performing assets		
a Related parties	-	-
b Other than related parties	157,153.51	39,051.02
2 Net non-performing assets		
a Related parties	-	-
b Other than related parties	121,899.59	19,858.62
3 Assets acquired in satisfaction of debt	-	-

Also refer note 40 - Impact of Covid-19

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

B Capital to risk assets ratio

Items	March 31, 2020	March 31, 2019
CRAR (%)	18 90%	18 81%
CRAR - Tier I capital (%)	17 93%	17 56%
CRAR - Tier II capital (%)	0 97%	1 25%
Amount of subordinate debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

C Investments

There are no investments made by the Company during the year ended March 31, 2020 and March 31, 2019.

D Derivatives (Forward rate agreement/ interest rate swap)

There has been no forward rate contracts/ interest rate swaps or any other derivative transactions carried out by the Company during the year ended March 31, 2020 and March 31, 2019.

E Details of Securitisation

There has been no securitisation transaction done by the Company during the year ended March 31, 2020 and March 31, 2019.

F Exposure to Real Estate Sector

Category	March 31, 2020	March 31, 2019
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, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	39,349.26	32,476.77
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures		
a Residential	-	-
b. Commercial real estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

*These loans were provided to dealers to set up dealership outlets at various locations.

G Exposure to Capital Market

The Company has no exposure towards Capital Market during the year March 31, 2020 and March 31, 2019.

H Extent of financing of parent company products

Particulars	March 31, 2020	March 31, 2019
Loan outstanding as at year end out of the amount financed to parent company products (including group companies)	767,008.88	882,449.95
Company portfolio	838,189.95	934,149.49
Percentage of financing for parent product upon Company's portfolio	91.51%	94.47%

I Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year ended March 31, 2020 and March 31, 2019.

J Registration/ licence/ authorization obtained from other financial sector regulators

Registration/ License	Authority issuing the registration/ license	Registration/ License reference
Corporate Insurance License	Insurance Regulatory And Development Authority	CA 0180

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

K Disclosure of penalties imposed by RBI and other regulators

There has been no penalty imposed by RBI and other regulators during the year ended March 31, 2020 and March 31, 2019

L Ratings assigned by credit rating agency and migration of ratings during the year

Facility	Rating agency	March 31, 2020	Date of rating
Long term rating	CRISIL *	AAA / Negative	23 December 2019
Short term rating	CRISIL	AAA / Negative	23 December 2019
Short term rating	India Rating and Research	IND A1+	12 December 2019
Debentures	CRISIL *	AAA / Negative	23 December 2019
Commercial paper	CRISIL	A1+	19 February 2020
Commercial paper	India Rating and Research	IND A1+	12 December 2019

* Subsequently, on April 6, 2020, the rating was downgraded to "AA+ / Negative" by CRISIL

Ratings assigned by credit rating agency and migration of ratings during the previous year

Facility	Rating agency	March 31, 2019	Date of rating
Long term rating	CRISIL	IND AAA	06 November 2018
Short term rating	CRISIL	IND A1+	06 November 2018
Debentures	CRISIL	IND AAA	06 November 2018
Commercial paper	CRISIL	IND A1+	06 November 2018

M Provisions and Contingencies

Particulars	March 31, 2020	March 31, 2019
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provision for depreciation on Investment	-	-
Provision for standard asset (stage 1 and stage 2) *	22,260.73	13,365.93
Provision for non-performing assets (stage 3) *	35,253.91	19,192.40
Provision made towards income tax	6,532.73	7,611.69

* includes impairment loss allowance relating to trade receivables.

N Concentration of advances

Particulars	March 31, 2020	March 31, 2019
Total advances to twenty largest borrowers	159,348.63	194,802.98
Percentage of advances to twenty largest borrowers to total advances of NBFC	19.01%	20.85%

O Concentration of exposures

Particulars	March 31, 2020	March 31, 2019
Total exposure to twenty largest borrowers/ customers	159,348.63	194,802.98
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	19.01%	20.85%

P Concentration of NPAs

Particulars	March 31, 2020	March 31, 2019
Total exposure to top four NPA accounts	49,028.59	12,519.47

Also refer note 40 - Impact of Covid-19

Q Sector wise NPAs

Particulars	Percentage of NPAs to total advances in that sector	
	March 31, 2020	March 31, 2019
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	6.14%	0.67%
Services	-	-
Unsecured personal loans	-	-
Auto loans	12.61%	3.51%
Other personal loans	-	-

The above sector-wise NPA and advances is based on the data available with the Company and filed with the Reserve Bank of India

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

R Movement of NPAs (stage 3 assets)

Particulars	March 31, 2020	March 31, 2019
i Net NPAs to Net Advances (%)	15.61%	2.20%
ii Movement of NPAs (Gross)		
a Opening balance	39,051.02	51,466.84
b Additions during the year	144,482.62	29,826.85
c Reductions during the year	26,380.13	42,242.67
d Closing balance	157,153.51	39,051.02
iii Movement of NPAs (Net)		
a Opening balance	19,858.62	18,763.06
b Additions during the year	113,470.16	14,352.12
c Reductions during the year	11,429.19	13,256.56
d Closing balance	121,899.59	19,858.62
iv Movement of provisions for NPAs (excluding provisions on standard assets)		
a Opening balance	19,192.40	32,703.78
b Additions during the year	31,012.46	15,474.73
c Reductions during the year	14,950.94	28,986.11
d Closing balance	35,253.92	19,192.40

S Customer complaints

Particulars	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	77	57
No. of complaints redressed during the year	74	57
No. of complaints pending at the end of the year	3	-

T Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2020 and March 31, 2019 and hence this disclosure is not applicable.

U Off-balance sheet SPVs sponsored

There were no off -balance sheet SPVs sponsored by the Company during the year ended March 31, 2020 and March 31, 2019

V Disclosure of repossessed assets

Company has 34 passenger cars and 928 commercial vehicles in stock, of which 4 passenger cars and 722 commercial vehicles has nil outstanding balance and for the balance the Company has provided as follows.

Particulars	Contract Nos	Balance	Provision
Passenger Cars	30	886.83	415.81
Commercial Vehicles	206	4,751.21	2,495.37
Total	**236**	**5,638.04**	**2,911.18**

W Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2020 and March 31, 2019

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42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

x

Type of Restructuring		Other than CDR and SME Debt Restructuring					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as on April 01, 2019*	No of borrowers	-	34	-	-	34	-	34	-	-	34
	Amount Outstanding	-	18,350 47	-	-	18,350.47	-	18,350 47	-	-	18,350 47
	Provision there on	-	2,415 49	-	-	2,415.49	-	2,415.49	-	-	2,415 49
Fresh restructuring during the year	No of borrowers	-	41	-	-	41	-	41	-	-	41
	Amount Outstanding	-	97,525 87	-	-	97,525.87	-	97,525.87	-	-	97,525 87
	Provision there on	-	10,592 37	-	-	10,592 37	-	10,592 37	-	-	10,592 37
Upgradations to restructured standard category during the year	No of borrowers	-	24	-	-	24	-	24	-	-	24
	Amount Outstanding	-	1,611 69	-	-	1,611 69	-	1,611.69	-	-	1,611 69
	Provision there on	-	717 95	-	-	717 95	-	717.95	-	-	717 95
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No of borrowers	-	(1)	1	-	-	-	(1)	1	-	-
	Amount Outstanding	-	(5,575 79)	2,680 92	-	(2,894.87)	-	(5,575 79)	2,680 92	-	(2,894 87)
	Provision there on	-	(541 98)	257 73	-	(284 25)	-	(541 98)	257 73	-	(284 25)
Downgradation of restructured accounts during the year	No of borrowers	-	2	-	-	2	-	2	-	-	2
	Amount Outstanding	-	36 36	-	-	36 36	-	36 36	-	-	36 36
	Provision there on	-	18 83	-	-	18 83	-	18 83	-	-	18 83
Write off restructured accounts during the year**	No of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	92 32	-	-	92 32	-	92 32	-	-	92 32
Restructured accounts as on March 31, 2020	No of borrowers	-	50	1	-	51	-	50	1	-	51
	Amount Outstanding	-	108,596 54	2,680.92	-	111,277 46	-	108,596 54	2,680 92	-	111,277 46
	Provision there on	-	11,747 93	257 73	-	12,005 66	-	11,747 93	257 73	-	12,005 66

* The downgraded accounts which were removed from the restructured table for the previous year above have been added back in the opening balance as per the advise received from RBI during the inspection for the Financial Year 2018-19.

** Three contracts (of two borrowers) have been written off during the FY 2019-20. However, the balance restructured contracts of the same borrowers continue to be presented above in the closing balance

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(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

42 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

Y Asset Liability Management Maturity pattern of certain items of Assets and Liabilities *

The Company has a wholesale portfolio which mainly comprises of dealer funding (inventory funding) exclusively pertaining to the vehicles sold by its brand partners (Mercedes Benz, India (MBI) for Passenger Cars and Daimler India Commercial Vehicles (DICV) for Trucks / Buses). The payments for the portfolio are made by the Company to its brand partners basis the invoicing to the respective dealers at a VIN level (Vehicle Identification Number - VIN based funding).

Such wholesale portfolio generally follows a repayment plan of one year which is called as the curtailment plan. The curtailment could be in the form of either fund repayments or conversion into retail portfolio at a VIN level. However, the actual repayment happens much earlier, within an average period of 45 - 180 days which is generally called as Rate of Travel (ROT).

With effect from the closing position as of March 2018, the Company has begun plotting the maturities of its wholesale portfolio basis ROT rather than the original contracted curtailment plan, while preparing ALM considering the financial statements at respective dates.

The ALM position based on the above approach is as follows (which has been filed with RBI):

Particulars	Upto 30/31 days	Over 1 Month upto 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									
Borrowing from NCD, banks and commercial paper	10,746.07 (119,951.63)	62,000.00 (107,090.62)	73,678.37 (37,050.82)	167,048.89 (53,779.25)	153,942.51 (131,963.50)	153,500.00 (192,202.00)	- -	- -	620,915.84 (642,037.82)
Assets									
Loans #	31,369.12 (151,669.97)	30,092.24 (86,381.40)	29,884.20 (21,157.64)	90,225.69 (63,092.27)	129,488.89 (152,640.59)	294,550.11 (336,292.35)	228,235.51 (113,748.84)	4,344.19 (9,297.66)	838,189.95 (934,280.72)

* Figures in brackets represents previous year numbers
# Estimated expected cashflows considering the moratorium given to the customers. Also refer note 40.

This revised approach is more practical and pragmatic which therefore reflects a realistic position in terms of the ALM mismatches and are aligned with repayment of short term borrowings as well. Further, the Company also ensures availability of adequate liquidity through approved (but unutilized) bank lines (backed by Daimler AG Corporate guarantee) to manage any mismatches in its earlier / later buckets.

However, if the Company had followed the contractual maturities for the Wholesale Portfolio receivables as against the realistic approach stated above, the ALM position as at March 31, 2020 is as follows:

Particulars	Upto 30/31 days	Over 1 Month upto 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									
Borrowing from NCD, banks and commercial paper	10,746.07 (119,951.63)	62,000.00 (107,090.62)	73,678.37 (37,050.82)	167,048.89 (53,779.25)	153,942.51 (131,963.50)	153,500.00 (192,202.00)	- -	- -	620,915.84 (642,037.82)
Assets									
Loans #	32,399.28 (26,999.97)	20,194.69 (29,517.40)	20,874.85 (31,431.64)	67,379.59 (142,106.27)	180,081.07 (247,247.59)	284,680.77 (333,931.35)	228,235.51 (113,748.84)	4,344.19 (9,297.66)	838,189.95 (934,280.72)

* Figures in brackets represents previous year numbers
# Estimated expected cashflows considering the moratorium given to the customers. Also refer note 40.

Z Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated 29 September 2016

The Company has not reported any fraud during the year ended March 31, 2020 and for the year ended March 31, 2019.

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43 Previous year figures

Previous year figures have been reclassified / regrouped wherever necessary to conform to the current year classification/ disclosure.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : June 26, 2020

for and on behalf of the Board of Directors of
Daimler Financial Services India Private Limited
CIN: U67190TN2010FTC077890

Friederich Weick
Managing Director
DIN: 07044120

Ramasami Muthaiyah
Whole Time Director
and Chief Financial Officer
DIN: 02564287

Anita Iyer
Company Secretary
Membership No: 35244

Place : Pune
Date : June 26, 2020

Daimler Financial Services India Private Limited