ORIX

24th Annual Report

ORIX AUTO INFRASTRUCTURE SERVICES LIMITED

2018-2019

ORIX

Corporate Information:

Board of Directors:

Mr. Harukazu Yamaguchi	:	DIN 03535391	:	Director and Chairman
Mr. Sandeep Gambhir	:	DIN 00083116	:	Managing Director and CEO
Mr. Kiyokazu Ishinabe	:	DIN 07763966		Director
Mr. Abhay Kakkar	:	DIN 06659327	:	Independent Director
Mr. Nagesh Dubey	:	DIN 06967617	:	Independent Director
Mr. Ikuo Nakamura	:	DIN 08074714	:	Director
Ms. Meeta Sanghvi	:	DIN 08065804	:	Director
Mr. Ryohei Suzuki	:	DIN 08218888	:	Whole-Time Director (Appointed w.e.f. September 19, 2018)

Statutory Auditors:

B S R & Co. LLP, Chartered Accountants (ICAI Reg. no. 101248W/W-100022)

Registered Office:

Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059.

Web: www.orixindia.com
Email: info@orixindia.com
CIN: U63032MH1995PLC086014

Key Managerial Personnel:

Mr. Sandeep Gambhir - Managing Director and Chief Executive Officer
Mr. Vivek Wadhera - Chief Financial Officer
Mr. Jay Gandhi - Company Secretary

Bankers :

1. ANZ Banking Group
2. Bank of Baroda
3. BNP PARIBAS
4. Central Bank of India
5. Bank of India
6. Corporation Bank
7. Credit Agricole Corporate & Investment Bank
8. Deutsche Bank AG
9. HDFC Bank
10. ICICI Bank
11. IDBI BANK
12. IDFC First Bank
13. Kotak Mahindra Bank
14. Mizuho Bank
15. MUFG Bank
16. State Bank of India
17. The Federal Bank
18. Westpac Banking Corporation

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DIRECTORS' REPORT

The Members,
ORIX Auto Infrastructure Services Limited

Your Directors are pleased to present the Twenty Fourth Annual Report on the business and operations of your Company together with the audited accounts for the financial year ended March 31, 2019.

(1) **Financial Performance**:

A summary of the Financial Performance of the Company both on standalone and consolidated basis, for the Financial Year 2018-2019 as compared to previous Financial year is given below:

(Rs. in Mn)

		Standalone		Consolidated	
Particulars		**FY 2018-2019**	**FY 2017-2018**	**FY 2018-2019**	**FY 2017-2018**
Gross Income	:	8,259	7,651	11,426	9,643
Profit/(loss) before interest, depreciation and taxation	:	3,407	3,167	5645	4,579
Financial charges	:	816	769	2,415	1,704
Depreciation	:	2,367	2,122	2,435	2,167
Profit / (Loss) Before Tax	:	186	281	794	708
Profit from discontinuing operations	:	-	-	-	-
Provision for tax:	:				
Current Tax	:	254	254	421	502
MAT credit of earlier year utilised / expensed	:	-	-	-	-
Deferred Tax	:	(204.69)	(155)	(203)	(242)
Income Tax relating to previous year	:	0	6	6	8
Profit/(Loss) After Tax	:	136.10	177	570	440
Profit / (Loss) For The Year (After Adjustment For Minority Interest)	:	-	-	-	-
Balance brought forward from previous year	:	214	37	864	477
Transferred to Reserve Fund	:	-	-	87	52
Adjustment in Profit / (Loss)	:	-	-		1
Balance Carried Forward	:	350	214	1346	864

(2) **Dividend**:

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2019 since it is proposed to retain the same in the business.

(3) **Reserve Fund:**

Your Directors do not proposed to appropriate any amount to be transferred to General Reserves during the financial year 2018-19.

(4) **Brief description of the Company's state of affairs during the year and review of operations of the Company:**

The year gone by has been a pretty eventful year for the Industry. While the industry did stabilize post the GST implementation and the related transition issues, the transformation happening in the overall mobility and transportation space continues to throw up opportunities as well as challenges for the Company as well as for the Industry as a whole.

Over the second half of the last year, there was also an overhang of the impending elections scheduled for April – May 2019. In addition to that, the adverse changes in the financial markets that resulted in a virtual liquidity freeze and rising of interest costs for a large part of the second half of the year certainly did not help the cause. Despite all the above mentioned challenges, the company continued its momentum and made the best of the various opportunities that came its way. The revenue and profitability trajectory continued in the right directions and the company and all business lines maintained positive momentum despite the strong headwinds

During the Financial Year under review, the Company has recorded a Profit before tax (PBT) of Rs. 186 mn. The revenue increased from Rs 7,652 mn in the FY: 2017-18 to Rs 8,259 mn in the FY: 2018-19 and there was an increase witnessed across all the businesses.

During the year ended 2017-18, the company had received an equity infusion of Rs 1597 Mn and that helped the Company to move forward strongly on the various initiatives, both across the Operating Company as well as the subsidiary Company, ORIX Leasing and Financial Services India Ltd. (OLFS). Basis the above mentioned equity injection, the Company had made an application to the National Housing Bank (NHB) for its newly formed subsidiary, ORIX Housing Finance Corporation India Ltd. (OHFC), which will foray into the affordable Housing Finance business. The application for the same is still under consideration by the NHB and the license is still awaited.

During the previous year, the Company witnessed revenue growth in all the three main business verticals i.e. Rent-A-Car, Employee Transport Solutions as well as Operating Lease, demonstrated good business momentum. The overall revenue grew by 8% over the previous year. The Operating Lease Business revenues grew by 11% over the previous year, The Rent-A-Car business delivered revenue growth of 7% over the corresponding period of the previous year. The Business Transport Solutions and Fleet Management business witness 1% decline in revenue compared to the corresponding period of the previous year. During the previous year, in line with the changes happening in the business environment, shared mobility is increasingly becoming a new and relevant business segment. Company's Self Drive business under the brand name, MyChoize had witnessed a very healthy increase of revenue by 65% in 2018-19 and continued to witness high demand from the retail consumer. To this effect, the Company augmented the fleet and ran some interesting marketing campaigns to grow this business, and the results were good. The growth in Self Drive business validated the Company's belief of the changing shift from the traditional ownership model to a shared mobility model. The Company continues to invest into this business and is confident of this being a successful business initiative in the coming years.

Similar to the previous year, the business environment that the Company operates in continues to be competitive and disruptive. While there are a lot of opportunities as well, a slowing down in the automobile sales, a slight slowdown in the overall economy as well as competition from the new age startups which come loaded with Private Equity and Venture Capital Funding with huge ability to take significant losses to acquire market share along with cutting edge technology, will require the Company to be more cautious as well as agile in its approach as the Company move along with its growth path in the future. The Company has increased its investment on the Technology front in order to keep up with the changed business dynamics and the business model continues to evolve in line with the changing market dynamics. This has helped the Company to keep competition at bay and despite the above, the Company's market share continues to grow and shows a positive growth momentum ahead.

(5) **Credit Rating:**

The India Ratings & Research Private Limited (FITCH) has assigned ratings for the various facilities availed by the Company vide letter dated May 08, 2019, details of which are given below:

Facility	**India Ratings & Research Private Limited (FITCH)**	**Amount (Rs. in mn)**
Long Term Loan	IND AAA Term	8,875
Short Term Loan	IND A1+	6,250
Fund Based Revolving Credit Facility	IND A1+	4,500
Commercial paper	IND A1+	1,700
Total		**21,325**

(6) **Borrowings:**

Your Company has diversified funding sources from Public Sector Banks and Private Sector Banks, in the form of Short Term Loan and Long Term Loan.

During the year, your Company raised Rs.3500 million through term loans from Banks. Interest payment or principal repayment of the term loans due as on March 31, 2019 has been paid. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

As of March 31, 2019, Total Debt stood at Rs.8,844 mn (Rs. 9,057 mn as of March 31, 2018). Total Debt includes Short Term Loans and Long Term loans including term loans maturing within 12 months of the balance sheet date amounting to Rs. 1,850 mn and Rs. 2,690 mn respectively.

(7) **Share Capital:**

I. Authorised Share Capital : The Authorized Share Capital of the Company is Rs. 1,700,000,000 (Rupees Seventeen Hundred Million Only) consisting of 160,000,000 (One Hundred Sixty Million Only) Equity Shares of Rs.10/- each and 10,000,000 (Ten Million Only) Preference Shares of Rs.l0/- each.

II. Issued, Subscribed and Paid up Share Capital : The Issued Subscribed and Paid up Share Capital of the Company is Rs. 1,279,964,980/- (Rupees One Thousand Two Hundred Seventy Nine Billion Nine Lakhs Sixty four Thousand Nine Hundred Eighty only) divided into 127,996,498 (One Hundred Twenty Seven Million Nine Lakhs Ninety-Six Thousand Four Hundred Ninety-Eight) Equity Shares of Rs.10/- each.

As required by the Reserve Bank of India ('RBI') Master Direction – Foreign Investment in India RBI/FED/2017-18/60 FED Master Direction No. 11/2017-18 dated 4 January (updated as on March 08, 2019), RBI Notification No. FEMA 20(R)/2017-RB dated 7 November 2017 and Consolidated Foreign Direct Investment ('FDI') Policy Circular 1 of 2017 ("FDI Policy") ('Regulations'),, the Statutory Auditors of the Company vide their certificate dated July 04, 2019 had certified that the Company is in compliance with the Regulations as regards to downstream investment and other FEMA prescriptions.

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(8) **Details in respect of adequacy of internal financial controls with reference to the Financial Statements:**

In terms of Section 177 of the Companies Act, 2013 ('the Act'), Audit Committee's terms of reference, amongst others, includes evaluation of Internal Financial Control (IFC) and Risk Management Systems. An evaluation of the Company's Internal Financial Control over Financial Reporting (ICOFR) is a detailed process 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. During the year under review, a detailed exercise was carried by Mr. Rishikesh Agarwal, an external expert who evaluated the entity level controls; business process level controls; testing, reporting and monitoring and Risk Management Systems of the Company so as to evaluate operating effectiveness of entity level controls on financial reporting process and put in place suitable remediation plan / compensatory control to minimise or eliminate risk of any nature.

The report provided by Mr. Rishikesh Agarwal did not indicate any material issues which required attention of the Audit Committee and Statutory Auditors.

(9) **Details of Subsidiary Company :**

I. General Information :

During the year under review, the Company had two Subsidiary Companies namely ORIX Leasing & Financial Services India Limited (OLFS) and ORIX Housing Finance Corporation India Ltd (OHFC).

OLFS is registered with Reserve Bank of India as Non Deposit taking Systemically Important Non-Banking Financial Company. OLFS is primarily engaged in the business of providing finance, inter alia, by way of Finance Lease to Corporate Customers for providing them Vehicles and / or Equipment on lease basis; Commercial Vehicle Loan to retail customers; and providing Loan to retail customers against immovable properties.

During the year, the Board of Directors has reviewed the affairs of OLFS and OHFC, the wholly owned subsidiaries of the Company. In accordance with Section 129(3) of the Act, the Company has prepared Consolidated Financial Statements as on March 31, 2019, which includes financial position of the Company, OLFS and OHFC. Further, a statement containing salient features of the financial statement of OLFS and OHFC is prepared in prescribed format AOC-1 and appended as Annexure-A to this Report.

OHFC is in process of acquiring registration from National Housing Bank in order conduct business of Housing Finance Company in India.

II. Performance and financial position of the Subsidiary Companies :

The broad highlights for FY 2018-2019 for OLFS are as under:

(Rs. Mn)

Particulars		FY 2019	FY 2018
Gross Income	:	3205	2033
Profit/(loss) before interest, depreciation and taxation	:	2275	1409
Financial charges	:	1606	937
Depreciation	:	68	45
Profit/(Loss) before tax	:	600	427
Provision for tax:			
Current Tax	:	163	248
Deferred Tax	:	2	-87
Income Tax relating to previous year	:	6	3
Profit/(Loss) after tax	:	428	262
Transferred to Reserve Fund	:	87	52
Balance Carried forward	:	995	654

The broad highlights for FY 2018-2019 for OHFC are as under:

(Rs. Mn)

Particulars		FY; 2018- 2019
Gross Income	:	11.53
Profit/(loss) before interest, depreciation and taxation	:	8.00
Financial charges	:	0
Depreciation	:	0
Profit/(Loss) before tax	:	8.00
Less: Taxation expenses		2.67
Profit/(Loss) after tax	:	5.33
Balance brought forward from previous year		0
Transferred to Reserve Fund	:	0
Adjustment in Profit/ (Loss)	:	0
Balance Carried forward	:	5.33

(10) **DEPOSITS:**

During the year under review, the Company did not accept / renew any deposits from the public within the meaning of Section 73 to 76 of the Act as well as the Companies (Acceptance of Deposits) Rules, 2014.

(11) **AUDITORS:**

I. Statutory Auditors: Pursuant to the provisions of Sections 139 and 141 of the Act, M/s. B S R & Co. LLP, Chartered Accountants (ICAI Reg. no. 101248W/W-100022), were appointed as Statutory Auditors of the Company in the Annual General Meeting of the Company held on July 29, 2016, to hold office up to the financial year 2020-2021.

The observations made by the Auditors' in their report for the financial year ended March 31, 2019 are self-explanatory and therefore do not call for any further comments under section 143 of the Companies Act, 2013.

There are no qualifications, reservations, adverse remarks or disclaimer made by the Statutory Auditor in their report for the financial year ended March 31, 2019.

II. Secretarial Auditor: Pursuant to the provisions of Section 204 of the Act, the Board of Directors at its meeting held on November 13, 2018 had appointed M/s. BNP & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for the Financial Year 2018 - 19.

There are no qualifications, reservations, adverse remarks or disclaimer made by the Secretarial Auditor in their report for the financial year ended March 31, 2019. The Report of the Secretarial Auditor in Form MR-3 is annexed as 'Annexure-B'.

(12) **Statutory Disclosure:**

I. Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT- 9 is annexed as 'Annexure-C'. Further a copy of the annual return is placed on the website of the company at the web-link http://www.orixindia.com/Financial.aspx

II. Disclosure as per Section 197(12) of the Act pertaining to individuals employed throughout the year and in receipt of remuneration of not less than Rs. 1,02,00,000/- (Rupees One Crore and Two Lakhs) per annum or Rs. 8,50,000/- (Rupees Eight lakh and fifty thousand) per month is given in 'Annexure-D'.

III. Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as 'Annexure-E'.

IV. Pursuant to the provisions of Section 134(3)(e), the Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is annexed as 'Annexure-F'.

(13) **Corporate Governance:**

The report on Corporate Governance for the Company is annexed as 'Annexure-G' and forms an integral part of this Annual Report.

(14) **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

I. Conservation of Energy and Technology Absorption:

(a) The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Act, read with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it does not own any manufacturing facility.

(b) However, the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

II. Technology Absorption:

Not Applicable

III. Foreign Exchange Earnings and Outgo:

There is foreign exchange outgo of Rs. 15 mn during the financial year under review.

(15) **Directors and Key Managerial Personnel (KMP):**

I. On recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors, at its meeting held on September 19, 2018, have appointed Mr. Ryohei Suzuki (DIN: 08218888) as an Additional, Director of the Company with effect from September 19, 2018 in terms of Sections 152 and 161 of the Companies Act, 2013 ('the Act'). Subject to the approval of the Central Government, Board and Members of the Company also re-designated Mr. Ryohei Suzuki (DIN: 08218888) as Whole-time Director of the Company for the period commencing September 19, 2018 until June 21, 2021. Subsequently, the Company received the approval of the Central Government vide their letter dated May 20, 2019, for appointment of Mr. Suzuki as Whole-Time Director of the Company for the period as mentioned above.

II. In the view of organizational changes at ORIX Corporation (Japan), Holding Company Mr. Akihiro Azuma (DIN: 07510869) Director of the Company had resigned from the Board of Directors of the Company w.e.f. September 19, 2018.

The Board places on record its sincere appreciation for the valuable services rendered by Mr. Akihiro Azuma during his tenure as Director of the Company.

III. The Board of Directors at its meeting held on December 20, 2018, have re-appointed Mr. Sandeep Gambhir, CEO as Managing Director of the Company for further period commencing from January 8, 2019 until March 31, 2021.

IV. There has been no change in the composition of the Key Managerial Personnel of the Company.

(16) **Retire by Rotation :**

In accordance with Section 152 and other applicable provisions of the Act, Mr. Kiyokazu Ishinabe (DIN 07763966) being Non-Executive Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his appointment.

(17) **Declaration from Independent Directors:**

The Company has received declaration from Mr. Nagesh Dubey (DIN: 06967617) and Mr. Abhay Kakkar (DIN: 06659327) Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of Companies Act, 2013. No transaction was entered with Independent Directors during the year under review, which could have any material pecuniary relationship with them. Apart from sitting fees, no other remuneration was given to the above Independent Directors. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

(18) **Risk Management and Portfolio quality:**

Risk Management is an on-going process. The Board has defined the roles and responsibilities of the Risk Management Committee and has delegated the monitoring and reviewing of the Risk Management Plan to the Committee.

The Company is exposed to Credit Risk, Economy Risk, Asset Liability Mismatch Risk, etc. The expertise in lending operations acquired by the Company over past few years has helped to mitigate credit risk. The Company ensures that the short term and long-term resources of funds are favourably matched with deployment. To avoid any asset liability mismatch risk, the Company proposes to long term funding instruments. The Company has continued to enjoy trust and support from its banks and financial institutions, due to its impeccable record in servicing debts on time.

The Company has also adopted stringent checks and internal controls across all branches. Risk function is an independent department without any business overlays. The Company has implemented necessary control measures to arrest the operational risk arising from manual processes, which are not supported by IT systems. The Company mitigates its interest rate risk through innovative resource mobilization technique, prudent fund management etc. Superior credit rating of company's financial instruments enables it to raise funds at competitive rates. The Treasury and Asset Liability Management Committee regularly review the interest rate risk and liquidity risk.

(19) **Vigil Mechanism:**

The Company has adopted Vigil Mechanism policy with a view to provide a mechanism for directors and employees of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Act. The functioning of Vigil Mechanism is reviewed by the Audit Committee from time to time. The Policy has been uploaded on the website at: http://www.orixindia.com/uploadedfiles/Whistleblower-OAIS.pdf

The Company conducts regular workshops and training sessions to inform and educate the employees about Whistle Blower Policy. During the year 2018-19 there were two complaints reported in the form of whistle blower under the Whistle Blower Policy. The reported incidents were dealt with and disposed-off by the Audit Committee in accordance with the Whistle Blower Policy of the Company.

(20) **Corporate Social Responsibility (CSR):**

The Board of Directors in their meeting held on September 26, 2016 had constituted the CSR Committee in accordance with Section 135 of the Companies Act, 2013 read with Rules formulated therein. The CSR Policy of the Company provides a broad set of guidelines including intervention areas. The Company believes CSR is a way of creating shared value and contributing to social and environmental good. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility.

As part of its CSR initiatives, the Company has initiated partnerships with implementing agencies for projects in the areas of Community development, Agriculture development, Education, Promoting Healthcare, and Environment sustainability. Youth empowerment programs, Armed forces widows and dependents. These projects are in accordance with Schedule VII of the Act.

The Company has been circumspect in initiating projects and partnering with the agencies concerned. The endeavor in the current financial year has been building relationships with credible implementing agencies and effective implementation of projects initiated.

The annual disclosure on CSR activities is annexed herewith as "Annexure-H".

(21) **Internal Audit and Compliance:**

The Company conducts its internal audit and compliance functions within the parameters of regulatory framework which is well commensurate with the size, scale and complexity of operations. The internal controls are reviewed and enhanced periodically.

The Company conduct internal audit through in house team covering all areas of operations including branches. The reports are placed before the Audit Committee of the Board. The Audit Committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary / considered appropriate. The Company has framed Internal Audit Manual to effectively monitor and supervise the Governance, Risk and Compliance function in accordance with the statutory requirements and as expected by the Shareholders of the Company.

In order to instil best international practices in an Internal Audit function, the Internal Audit Team is working closely with Group Internal Audit Department (GIAD) of ORIX Corporation, Japan (Holding Company), and basis the guidance received from GIAD, Internal Audit Department has adopted Risk based approach / methodology to cover all types of Risks in a business process and review such that suitable Risk Mitigations are put in place so as to improve overall efficiency.

Also, the Company has an elaborate internal audit system commensurate to the size of the Company and its operations. This Internal Audit Department continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner.

The internal audit activities are designed to ensure reporting efficiency and compliance with the regulations. The Internal Audit Reports are discussed at length during the Audit Committee meetings, which also reviews the adequacy and effectiveness of the internal controls.

(22) **Particulars of Loans, Guarantees or Investments**:

Details of Loans, Guarantees and Investments governed under the provisions Section 186 of the Act are given in the Notes to Accounts forming part of the Audited Financial Statements.

(23) **Significant and Material Orders Passed by the Regulators or Courts:**

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

(24) **Policy on Prevention of Sexual Harassment:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there was one sexual harassment case reported to the Company. The same has been dealt with in accordance with the Policy.

(25) **Investor Education and Protection Fund (IEPF)**

During the year under review, there were no amount which were required to be transferred to Investor Education and Protection Fund as per provisions of Section 125 of the Companies Act, 2013.

(26) **Directors' Responsibility Statement:**

To the best of their knowledge and belief and according to the information and explanations obtained` by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

I. that in preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards had been followed; along with proper explanation relating to material departures

II. that appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company as at the end of the financial year ended March 31, 2019 and of the profit of the Company for the said year;

III. that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. that the annual accounts have been prepared on a going concern basis;

V. the Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by Mr. Rishikesh Agarwal, an external consultant, appointed by the Company to conduct the internal financial control. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls; and

VI. that the systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

(27) **Frauds reported by the Auditor**

No fraud has been reported by the Auditors under sub-section (12) of section 143 of Companies Act, 2013.

(28) **Secretarial Standards issued by ICSI:**

Pursuant to the provisions of section 118(10) of the Companies Act, 2013, compliance with Secretarial Standards relating to General and Board Meeting specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government have become mandatory from July 1, 2015. The Company is adhering to the standards issued by the ICSI, including any amendment or modification as them be notified by them from time to time.

(29) **General:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

(a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

(b) Issue of shares (including sweat equity shares) to employees of the Company.

(c) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

(d) No change in nature of business.

(e) There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2019) and the date of the Report

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(30) **Acknowledgments:**

We are grateful to the Government of India, Ministry of Corporate Affairs, Bankers, Rating Agency, customers and all other business associates for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. Financial Institutions and other lenders, Customers, Employees and other Stakeholders remained sound during the year under review. We look forward to their continued support and encouragement.

Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation, dedication and professionalism has made the organization's growth possible.

By Order of the Board of Directors
ORIX Auto Infrastructure Services Limited

Sandeep Gambhir	**Ryohei Suzuki**
Managing Director and CEO	**Whole-Time Director**
DIN: 00083116	**DIN: 08218888**

Place: Mumbai
Date: July 04, 2019

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ANNEXURES TO THE BOARD'S REPORT

Annexure-A

Statement containing salient features of the Financial Statement of subsidiaries / associate companies / joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) – AOC -1

Part "A" – Subsidiaries

Sr. No.	Particulars	Details
(1)	Name of the Subsidiary	ORIX Leasing & Financial Services India Limited (formerly OAIS Auto Financial Services Limited)
(2)	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Not Applicable
(3)	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not Applicable
(4)	Share capital	Rs. 1,009,359,010/-
(5)	Reserves & Surplus	Rs. 4,292,044,027/-
(6)	Total Assets	Rs. 2,7513,454,359/-
(7)	Total Liabilities	Rs. 27,513,454,359/-
(8)	Investments	0
(9)	Turnover	Rs. 3,204,883,309/-
(10)	Profit before Taxation	Rs. 600,109,087/-
(11)	Provision for taxation	Rs. 171,891,737/-
(12)	Profit after Taxation	Rs. 428,217,350/-
(13)	Proposed dividend	0
(14)	Percentage of Shareholding	100%

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Sr. No.	Particulars	Details
(1)	Name of the Subsidiary	ORIX Housing Finance Corporation India Limited
(2)	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Not Applicable
(3)	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not Applicable
(4)	Share capital	Rs. 20,00,00,000/-
(5)	Reserves & Surplus	Rs. 53,28,314
(6)	Total Assets	Rs. 20,88,62,807
(7)	Total Liabilities	Rs. 35,34,493
(8)	Investments	Nil
(9)	Turnover	Rs. 1,15,25,344
(10)	Profit before Taxation	Rs. 79,98,103
(11)	Provision for taxation	Rs. 26,69,789
(12)	Profit after Taxation	Rs. 53,28,314
(13)	Proposed dividend	0
(14)	Percentage of Shareholding	100%

Notes :

1. Names of subsidiaries which are yet to be commence operations : ORIX Housing Finance Corporation India Limited.

2. Names of subsidiaries which have been liquidated or sold during the year: None

Part "B" – Associates and Joint Ventures - None

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited

Sandeep Gambhir **(Managing Director and CEO)** **DIN: 00083116**	**Ryohei Suzuki** **(Whole-Time Director)** **DIN: 08218888**
Vivek Wadhera **(Chief Financial Officer)**	**Jay Gandhi** **(Company Secretary)**

Place: Mumbai
Date: July 04, 2019

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
[Pursuant to provision of 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
ORIX Auto Infrastructure Services Limited
Plot No. 94, Marol Co-operative Industrial Estate
Andheri Kurla Road, Andheri East,
Mumbai-400 059

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ORIX Auto Infrastructure Services Limited, having CIN U63032MH1995PLC086014** (hereinafter called 'the Company') for the audit period covering the financial year ended on March 31, 2019 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

BNP & Associates MUMBAI Company Secretaries

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We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India, related to meetings and minutes, which has been complied by the Company, except for some meetings for which draft minutes which were circulated to all the Directors beyond the prescribed time limit of 15 days from the date of conclusion of the meeting and hence those minutes were entered in the minutes book beyond the prescribed time limit of 30 days as per Secretarial Standards-1.

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

During the audit period under review, provisions of the following regulations were not applicable to the Company:

i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

iv. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

v. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

vii. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993;

viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;and

ix. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

We further report that –

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

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MUMBAI
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Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013. Agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at notice shorter than seven days, prior consents thereof were obtained, 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.

Decisions at Board and / or Committee meetings were generally carried through on the basis of majority of the Directors/ members present. There were no dissenting views by any member of the Board of Directors during the audit Period.

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, following specific events occurred:

1. Orix Housing Finance Corporation India Limited was incorporated on 21st April, 2018 as a wholly owned subsidiary of the Company.

2. Company has disposed / cancelled 1,464,789 unsubscribed equity shares of Rs 10/- each issued to ORIX Corporation (Japan), on July 31, 2018, pursuant to the ordinary resolution passed in Extra Ordinary Meeting held on December 21, 2017.

Place: Mumbai
Date: May 15, 2019

Venkataraman Krishnan
Associate Partner
ACS No.8897
COP No.12459
For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

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Annexure A

To,
The Members,
ORIX Auto Infrastructure Services Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to ORIX Auto Infrastructure Services Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

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

K. Venkataraman

BNP & Associates MUMBAI Company Secretaries

Venkataraman Krishnan
Associate Partner
ACS No.8897
COP No.12459
For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Place: Mumbai
Date: May 15, 2019

Annexure - C

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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	U63032MH1995PLC086014
(2)	Registration Date	March 2, 1995
(3)	Name of the Company	**ORIX Auto Infrastructure Services Limited**
(4)	Category/Sub-category of the Company	Unlisted Public Company Limited by Shares
(5)	Address of the Registered office & contact details	Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059; Tel.: +91 (22)6707 0100; Fax: +91 22 2852 8549; Email: info@orixindia.com; Website: www.orixindia.com
(6)	Whether listed company	No
(7)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 24/7, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083

II. Principal Business Activities of the Company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
(1)	Renting and Leasing of Motor Vehicle	77100	100

ORIX

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr.No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
(1)	ORIX Corporation Add: World Trade Center Bldg., 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan	Not Applicable	Holding Company	99.99	2(46)
(2)	ORIX Leasing & Financial Services India Ltd. Add: Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059.	U74900MH2006PLC163937	Subsidiary Company	100	2(87)
(3)	ORIX Housing Finance Corporation India Limited Add: House No. 71/2, Ground Floor, Najafgarh Road Industrial Area, New Delhi – 110 015	U65920DL2018PLC332902	Subsidiary Company	100	2(87)

IV. **Share Holding Pattern (Equity Share Capital breakup as percentage of total equity):**

A. **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
(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) Individual (NRIs /Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	12,79,84,992	0	12,79,84,992	99.99	12,79,84,992	0	12,79,84,992	99.99	0
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	6	6	0.00	-	6	6	0.00	0
Sub total A(2)	12,79,84,992	6	12,79,84,998	99.99	12,79,84,992	6	12,79,84,998	99.99	0
Total shareholding of Promoter (A)	**12,79,84,992**	**6**	**12,79,84,998**	**99.99**	**12,79,84,992**	**6**	**12,79,84,998**	**99.99**	0

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B. Public Shareholding									
1. Institutions									
(a)Mutual Funds	-	-	-	-	-	-	-	-	-
(b)Banks / FI	-	-	-	-	-	-	-	-	-
(c)Central Govt	-	-	-	-	-	-	-	-	-
(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									
(a) Bodies Corp.									
(i). Indian									
(ii). Overseas									
(b) Individuals									
(i). Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	9000	9000	0.01	0	9000	9000	0.01	0
(ii). Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
(c) Others (specify) IL&FS Employees Welfare Trust	2,495	5	2500	0.00	2,495	5	2500	0.00	0
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-

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Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**2.495**	**9,005**	**11,500**	**0.01**	**2.495**	**9,005**	**11,500**	**0.01**	**0.00**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2,495**	**9,005**	**11,500**	**0.01**	**2,495**	**9,005**	**11,500**	**0.01**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**127,987,487**	**9011**	**127,996,498**	**100.00**	**127,987,487**	**9011**	**127,996,498**	**100**	**0**

B. Shareholding of Promoter :

SN	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	ORIX Corporation (including holding shares jointly with 6 individuals)	12,79,84,998	99.99	Nil	12,79,84,998	99.99	Nil	0

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C. Change in Promoters' Shareholding

SN	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
	At the beginning of the year	127,984,998	99.99	127,984,998	99.99
	Addition -	-	-	-	-
	At the end of the year	127,984,998	99.99	127,984,998	99.99

D. Shareholding Pattern of top ten Shareholders: None
(Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

SN	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
	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				

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

SN	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.	**ORIX Corporation and Mr. Harukazu Yamaguchi**				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00
2.	**ORIX Corporation and Mr. Akihiro Azuma**				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	0	0.00	0	0.00

3.	**ORIX Corporation and Mr. Ryohei Suzuki**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00
4.	**ORIX Corporation and Mr. Ikuo Nakamura**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00
5.	**ORIX Corporation and Mr. Kiyokazu Ishinabe**				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00

6.	**ORIX Corporation and Mr. Sandeep Gambhir**				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00
7.	**ORIX Corporation and Mr. Jay Gandhi**				
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1	0.00	1	0.00

V. Indebtedness -Indebtedness of the Company including interest outstanding/accrued but not due for pay

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	92,84,930.00	9,03,56,65,239.00		9,04,49,50,169.00
ii) Interest due but not paid				
iii) Interest accrued but not due		1,20,22,031.00		1,20,22,031.00
Total (i+ii+iii)	**92,84,930.00**	**9,04,76,87,270.00**		**9,05,69,72,200.00**
Change in Indebtedness during the financial year				
Addition	9,12,50,773.00	6,98,38,83,644.00		7,07,51,34,417.00
* Reduction		(7,29,20,00,643.00)		(7,29,20,00,643.00)
Net Change	**9,12,50,773.00**	**(30,81,16,999.00**		**(21,68,66,226.00)**
Indebtedness at the end of the financial year				
i) Principal Amount	10,05,35,703.00	8,72,75,48,240.00		8,82,80,83,943.00
ii) Interest due but not paid				
iii) Interest accrued but not due		1,59,44,790.00		1,59,44,790.00
Total (i+ii+iii)	**10,05,35,703.00**	**8,74,34,93,030.00**		**8,84,40,28,733.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

SN.	Particulars of Remuneration	Name of Managing Director	Name of Whole-time Director	Total Amount (in Rs.)
		Mr. Sandeep Gambhir	Mr. Ryohei Suzuki	
1	Gross salary (in Rs.)			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,282,098.00	4,845,720.00	48,127,818
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	139,096.75	544,123.00	683,219.8
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0	0.00
2	Stock Option	-		
3	Sweat Equity	-		
4	Commission - as % of profit - others, specify…	-		
5	Others, please specify	-		
	Total (A)	**43,421,194.75**	**53,89,843.00**	**4,88,11,038**
	*Ceiling as per the Companies Act, 2013	*Not Applicable		

* The Company is having inadequate profits during the Financial Year 2018-2019. However the remuneration to its managerial person is paid in accordance with section II, part II of schedule V and in compliance of conditions prescribed therein and hence ceiling limits are not specified.

B. Remuneration to Other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
1	Independent Directors	Mr. Nagesh Dubey	Mr. Abhay Kakkar	
	Fee for attending Board and Committee meetings	500,000/-	500,000/-	10,00,000
	Commission			
	Others, please specify			
	Total (1)	500,000/-	500,000/-	10,00,000
2	Other Non-Executive Directors	Not Applicable		
	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	Overall Ceiling as per the Companies Act, 2013 for sitting fees is Rupees One Lakh per Board Meeting or a Committee Meeting thereof. The total Managerial Remuneration is within the ceiling prescribed.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (Amount in Rs.)		
		MD & CEO (Mr. Sandeep Gambhir)	CFO (Mr. Vivek Wadhera)	Company Secretary (Mr. Jay Gandhi)
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,32,82,098.00	1,70,40,289.00	6,198,282.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	139,096.75	167,373.69	127,540.75
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	Others specify…			
5	Others, please specify			
	Total	**43,421,194.75**	**172,076,62.69**	**63,25,822.75**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

There were no penalties / punishment/ compounding of offences for the year ended March 31, 2019.

By Order of the Board of Directors
ORIX Auto Infrastructure Services Limited

Sandeep Gambhir	**Ryohei Suzuki**
Managing Director and CEO	**Whole-Time Director**
DIN: 00083116	**DIN: 08218888**

Place: Mumbai
Date: July 04, 2019

Annexure-D

Information as per Rule 5 (2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee and Designation	Remuneration Received (in Rs.)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held before joining the Company
Sandeep Gambhir, MD and CEO	43,421,195.00	Full Time Employment	B.Com, CA, Cost Accountant 22 Years of experience	8-Jan-13	46 years	Barclays Investment & Loans (India) Limited
Vivek Wadhera, CFO	17,207,664.00	Full Time Employment	B.Com, CA, 20 Years of experience	9-Apr-13	42 years	Barclays Bank plc
Pankaj Jain	13,012,813.00	Full Time Employment	B.Com, PGDBA, 28 Years of experience	30-Sep-09	50 years	Carzonrent (India) Pvt. Ltd.
P.N Subramanian	11,771,591.00	Full Time Employment	B.Com, PGD in Marketing, Masters in Marketing, 32 Years of experience	18-Dec-2006	54 years	General Motors

Annexure-E

Related Party Transaction Disclosure as per Section 188 of the Companies Act, 2013

Form No. AOC - 2

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

Form for disclosure of particulars of 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

(2) Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	ORIX Corporation, Japan -Holding Company ORIX Leasing & Financial Services India Limited – Subsidiary Company ORIX Housing Finance Corporation India Limited – Subsidiary Company
(b)	Nature of contracts/arrangements/transactions	Normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 35).
(c)	Duration of the contracts/arrangements/ transactions	Usually annual, however, depends on the nature of transaction.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements.
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive pricing and value of services rendered.
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.

Note: No advance is payable in respect of any of the above transactions.

Annexure-F

Details of Nomination and Remuneration Policy as per Section 178 of the Act

(I) Terms and Conditions for Appointment and Removal of Director, KMP and Senior Management:

(1) Criteria: The Committee shall identify and ascertain the integrity, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

(2) Qualification: A person should possess adequate qualification for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

(3) Term/Tenure:

(a) Managing Director/Whole-time Director:

(i) The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

(ii) The Company shall not appoint or continue the employment of any person as Whole-time Director/Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(b) Independent Director:

(i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

(ii) No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

(4) Evaluation of Director, KMP and SMPs:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

(5) Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, and SMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

(6) Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, policies of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP's or SMP's subject to the provisions and compliance of the said Act, rules and regulations and Policy of the Company.

(II) Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel:

(1) General:

(a) The remuneration / compensation / commission etc. to the Whole-time Director including Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

(b) The remuneration and commission to be paid to the Whole-time Director including Managing Director shall be either in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Rules made thereunder or as approved by the shareholders of the Company as deemed appropriate by the Committee.

(c) Increments to the existing remuneration / compensation structure of Whole-time Director, Managing Director, KMPs and SMPs may be recommended by the Committee to the Board.

(d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(2) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

(a) Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

(b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director / Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and Rule 7(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Central Government approval may be sought wherever and whenever required

(c) Remuneration to Non- Executive / Independent Director:

(i) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Companies Act, 2013, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules made thereunder.

(ii) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as fixed by the Board of Directors from time to time.

Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(iii) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

(iv) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

Annexure – G

Corporate Governance disclosures as per Section 134 of the Companies Act, 2013

(A) Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity.

(B) Board of Directors:

During the year, the Board met at regular intervals to discuss and decide on various business and policy matters of the Company. During the F.Y:- 2018–19, the meetings of the Board of Directors were held on, April 16, 2018, July 31, 2018, September 19, 2018, November 13, 2018, December 20, 2018 and March 08, 2019.

The present strength of Board of Directors is eight (8) Directors. The Board comprises of Executive and Non-Executive Directors including two (2) Independent Directors. One of the Non-Executive Director is a woman. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. None of the Directors of your Company are related to each other.

The Directors of the Company have wide experience in the field of finance, risk management, banking and human resources.

The details of attendance of the Board of Directors as at March 31, 2019 are as under:

Sr.No.	Name of Director	No. of Board Meetings Attended	Last AGM Attended
(1)	Mr. Harukazu Yamaguchi, Director and Chairman	1	No
(2)	Mr. Sandeep Gambhir, Managing Director and CEO	6	Yes
(3)	Mr. Akihiro Azuma, Director (Ceased to be Director w.e.f September 19, 2018)	1	No
(4)	Mr. Kiyokazu Ishinabe, Director	5	Yes
(5)	Mr. Abhay Kakkar, Independent Director	6	No

(6)	Mr. Nagesh Dubey, Independent Director	6	Yes
(7)	Ms. Meeta Sanghvi, Director	6	Yes
(8)	Mr. Ikuo Nakamura, Director	1	No
(9)	*Mr. Ryohei Suzuki, Additional Director (Appointed w.e.f September 19, 2018)	3	Yes

*The appointment was done subsequent to last AGM.

(C) Committees of the Board of Directors:

(I) Composition:

Sr. No.	Name of the Committee	Composition of the Committee
(1)	Audit Committee	Mr. Nagesh Dubey - Chairman
		Mr. Kiyokazu Ishinabe
		Mr. Abhay Kakkar
(2)	Nomination and Remuneration Committee (NRC)	Mr. Kiyokazu Ishinabe-Chairman
		Mr. Abhay Kakkar
		Mr. Nagesh Dubey
		Mr. Ryohei Suzuki
(3)	Treasury and Asset Liability Management Committee	Mr. Kiyokazu Ishinabe-Chairman
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(4)	Executive Committee	Mr. Kiyokazu Ishinabe
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(5)	Risk Management Committee	Mr. Kiyokazu Ishinabe-Chairman
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki

(6)	Residual Value Committee	Mr. Kiyokazu Ishinabe-Chairman
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(7)	Credit Committee	Mr. Kiyokazu Ishinabe
		Mr. Sandeep Gambhir
		Mr. Ryohei Suzuki
(8)	Corporate Social Responsibility (CSR) Committee	Mr. Kiyokazu Ishinabe - Chairman
		Mr. Sandeep Gambhir
		Mr. Abhay Kakkar

(II) Powers of the Committees:

(1) Audit Committee: The key responsibilities of the Committee are:

(a) **Financial Reporting**:

(i) To oversee the financial reporting process, accounting controls and disclosure of financial information to ensure that financial information report is sufficient and credible;

(ii) To review Related Party Transaction (RPT) Policy of the Company on a periodic basis and approve, in terms of the RPT Policy, any Related Party Transactions i.e. transactions of the Company of material nature with Related Parties as defined under section 2(76) of the Companies Act, 2013 that may have potential conflict with the interests of Company at large including modification in such transactions;

(iii) To review audited / unaudited / limited review of the annual and/or semi-annual financial statements before submission to the Board focusing primarily on:

- the application of significant accounting policies and any changes to them;
- the methods used to account for significant or unusual transactions;
- Compliance with accounting standards;

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- Significant adjustments arising out of audit;
- Qualifications in draft audit report;
- Areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;
- Compliance with legal and regulatory and financial reporting requirements; and
- To review Auditors' Report on annual / semi-annual financial statement before submission to the Board;

(iv) To approve and ratify write offs amount upto the limit specified in Approval Authority Matrix (AAM) and report to the Board of Directors such write offs;

(v) To recommend to Board for approval of write offs of an amount exceeding the threshold limits of Audit Committee, as specified in AAM, which requires approval of the Board ;

(vi) Scrutiny of inter-corporate loans and investments;

(vii) To note valuation of undertakings or assets of the Company, wherever necessary;

(viii) Monitoring the end use of funds raised through public offers and related matters;

(b) <u>**Auditor (External Auditor) :**</u>

The Committee shall:

(i) consider and make recommendations to the board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's Statutory Auditor (External Auditor);

(ii) review and monitor the External Auditor's independence and performance and effectiveness of audit process

(iii) if an External Auditor resigns, investigate the issues leading to this and decide whether any action is required;

(iv) oversee the relationship with the external auditor. In this context the Committee shall:

- approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;

- approve their terms of engagement, including any engagement letter issued at the start of each audit.

- Holding discussions with Statutory Auditors before the audit commences regarding nature and scope of audit as well as post audit discussions on any areas of concern;

(v) satisfy itself that there are no relationships between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

(vi) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;

(vii) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit

(viii) discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

(ix) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- a discussion of any major issues which arose during the audit;

- key accounting and audit judgements;

- the auditor's view of their interactions with senior management; and

- levels of errors identified during the audit;

(x) review the management letter and management's response to the auditor's findings and recommendations.

(xi) review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

(xii) Discusses problems and reservations arising from the interim and/or the final audits (full or limited review) and any matters the statutory auditor may wish to discuss so as to ascertain quality and veracity of Company's accounts.

(c) **Internal Control :**

(i) keep under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems including information technology security and control; and

(ii) Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports from significant findings and recommendation, together with management's responses.

(iii) review and approve the statements to be included in the annual report concerning internal control, risk management

(d) **<u>Internal Audit</u>**:

The Committee shall:

(i) approve the Internal Audit Charter.

(ii) approve the appointment or termination of the Head of Internal Audit;

(iii) review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work;

(iv) review and approve the annual internal audit plan and scope to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;

(v) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;

(vi) meet regularly with the Internal Audit Head without management being present, to discuss any issues arising from the audit and also effectiveness of the function

(vii) carry out an annual assessment of the effectiveness of the internal audit function; and as part of this assessment:

- determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
- review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;

(viii) monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor; and

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(ix) consider whether an independent, third party review of Information Technology (IT) Audit are appropriate.

(e) **Tax Auditors :**

The committee shall:

(i) consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company's Tax Auditor;

(ii) review the findings of the audit with the Tax Auditor. This shall include but not be limited to, the following:

- discussion of any major issues which arose during the audit; and
- review Tax Audit Report

(f) **Compliance :**

(i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of findings / investigation of compliance department and follow-up (including disciplinary action) of any instances of noncompliance.

(ii) Review the findings / observation of any inspection / examinations carried out by regulatory agencies or any notice received from regulatory authorities concerning violation of any law.

(iii) Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.

(iv) Obtain regular updates from compliance head regarding compliance matters.

(v) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function

(vi) Consider whether the controls established to prevent fraud and illegal acts are adequate so as to ensure all major cases of fraud/illegal acts are reported to Audit Committee

(g) **Whistleblowing and Fraud:**

The Committee shall:

(i) review the company's procedures for detecting fraud;

(ii) review the company's systems and controls for the prevention of Bribery Anti-Corruption (ABAC) and receive reports on non-compliance;

(iii) Review Whistle Blower reports under Whistle Blower Policy and / or Vigil Mechanism

(h) **Litigation Review:**

To review report of litigation against or by the Company involving debt or claim above the threshold value as specified in AAM.

(2) Nomination and Remuneration Committee: The key responsibilities of the Committee are:

(a) Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;

(b) Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis;

(c) Scrutinizing nominations for Independent/Non-Executive/Executive Directors with reference to their qualifications and experience and provide its recommendation to the Board for appointment/removal/filling of vacancies;

(d) Identifying persons who are qualified to become Key Managerial Personnel and/or in the senior management team and recommendation to the Board for their appointment and/or removal; and

(e) Formulate the Policy and recommend to the Board of Directors relating to the remuneration for the Directors, Key Managerial Personnel and senior management team.

(3) Treasury and Asset Liability Management Committee: The key responsibilities of the Committee are:

(a) Pricing of products for both deposits and advances;

(b) Fixing of desired maturity profile and mix of the incremental assets and liabilities;

(c) Reviewing the results and progress in implementation of the decisions made in the previous meeting;

(d) To articulate the current interest rate view;

(e) To develop a view on future direction of interest rate movements and decide on funding mixes between fixed v/s. floating rate funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc;

(f) To approve borrowings from various Banks, Financial Institutions and Companies upto such amount as the Shareholders may authorise, from time to time, in the ordinary course of business;

(g) To raise money as and by way of Loan or Debentures (Secured / Unsecured / Convertible / Non-Convertible) or through Inter Corporate Deposit or Commercial Papers or through any other resources as may be necessary either from Domestic or International Market; and

(h) To approve purchase and / or sale and assignment of receivables arising out of lease rentals and / or loan / hire purchase instalments whether with or without underlying assets.

(4) Executive Committee: The key responsibilities of the Committee are:

(a) To note waiver of income/reversals approved by Chairman and Director

(b) To consider and approve opening of New Bank Accounts (Current Account / Cash Credit Account / Over Draft Account) and also approve change in various Authorised Signatories and their respective empowerment for signing cheques / various instruments for and on behalf of the Company.

(c) To review Principal and Agency Agreement approved by Chairman and Director.

(d) To approve general expenditure (for single purpose) over Rs.10 mn.

(e) To consider and approve closure of Bank Accounts.

(5) Risk Management Committee: The key responsibilities of the Committee are:

(a) Risk planning;

(b) Risk assessment & monitoring – Economy Review, Industry Review, Portfolio Review, Rating;

(c) Risk systems (MIS and IT system integration); and

(d) Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.

(e) To lay down internal Rules, Policies, Processes and Regulations with regard to Credit and delegate it to the executives of the Company.

(6) Residual Value Committee: The key responsibilities of the Committee are:

(a) Residual Value of the vehicles provided by the Company on Operating Lease basis or cars acquired by the Company for Rent-A-Car business;

(b) Setting the Residual Value Policy;

(c) Setting / alteration of the Maintenance Budget from time to time for the vehicles provided by the Company on Operating Lease basis or cars acquired by the Company for Rent-A-Car business; and

(d) Delegate powers of the Committee to the Executives of the Company with regard to reduction in Residual Value and Per KM Maintenance Cost of the Vehicles within the limits as approved by the Committee.

(7) Credit Committee: The Committee is entrusted with the powers of the Board of Directors with regard to approval of Credit Proposals in respect of Operating Lease business. All the approvals are obtained through electronic process i.e. system by virtue of Approval Matrix of the Company.

(8) CSR Committee: The key responsibilities of the Committee are:

(a) To formulate the Company's CSR strategy, policy and goals;
(b) To monitor the Company's CSR policy and performance;
(c) To review the CSR project/initiatives from time to time;
(d) To ensure legal and regulatory compliance from a CSR view point; and
(e) To ensure reporting and to stakeholders on the Companies CSR projects/initiatives.

(III) Attendance of the Committees of Directors:

Type of Meetings	**No. of Meetings held**	**Mr. Nagesh Dubey**	**Mr. Abhay Kakkar**	**Mr. Akihiro Azuma**	**Mr. Ryohei Suzuki**	**Mr. Sandeep Gambhir**	**Mr. Kiyokazu Ishinabe**
Audit Committee	6	6	6	-	-	-	4
Nomination and Remuneration Committee	5	5	5	1	2	-	4
Treasury and Asset Liability Management Committee	6	-	-	2	3	6	4
Residual Value Committee	2	-	-	-	1	2	2
CSR Committee	1	-	0	-	-	1	1
*Risk Management Committee	-	-	-	-	-	-	-
*Credit Committee	-	-	-	-	-	-	-
*Executive Committee	-	-	-	-	-	-	-

*The Committees did not meet during the year; however, approvals were taken by way of Circular Resolution.

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(D) **Meeting of Independent Directors:**

Section 149(8) of the Act read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met on March 25, 2019, pursuant to the provisions of the Act.

Sitting fees was paid to all the Independent Directors of the Company for attending the meetings of Board of Directors and Committee meetings, wherever they are members. The Sitting fees have been approved to Rs. 50,000/- per Board Meeting and Rs. 20,000/- per meeting for Committee meetings with effect from July 31, 2018.

(E) **Board Performance Evaluation Mechanism:**

The Nomination and Remuneration Committee (NRC) had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members. This performance evaluation framework was designed based on the following:

(a) Expertise;
(b) Objectivity and Independence;
(c) Understanding of the Company's business;
(d) Understanding and commitment to duties and responsibilities;
(e) Willingness to devote the time needed for effective contribution to Company;
(f) Participation in discussion in effective and constructive manner;
(g) Responsive in approach; and
(h) Ability to encourage and motivate the management for continued performance and success.

As part of the framework, structured questionnaires were prepared after taking into consideration the inputs received from the Directors and NRC. These questionnaires covers various aspects of the Board's functioning including composition and quality, culture, roles and responsibilities, processes and functioning, execution and performance to specific duties, obligations and governance. The questionnaires consist of:

(a) 'Peer Review' form given by the directors, rating performance of all other Directors.

(b) 'Committee Evaluation' form given by the directors, rating performance of individual committees.

(c) 'Board Assessment' form given by every director, rating performance of the Board as a whole.

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The questionnaires were reviewed in the below manner:

(a) 'Peer Review' were reviewed by the NRC and placed before the Board for their noting.

(b) 'Committee Evaluation' and 'Board Assessment' were reviewed by the NRC and placed before the Board for their noting.

Further, the Independent Directors of the Company, at their separate meeting had reviewed all the responses received from the Non-Independent (Non-Executive) Directors on the questionnaires pertaining to 'Peer Review' and 'Board Assessment'.

(F) <u>General Meetings:</u>

Meeting	Date and Time	Venue	Resolutions passed
23rd - Annual General Meeting	August 31, 2018 at 11:30 a.m.	Mumbai	(1) Adoption of Audited Accounts (Standalone and Consolidated), Directors' Report and Auditors' Report for the financial year ended March 31, 2019; (2) Appointment of Mr. Harukazu Yamaguchi (DIN 03535391) as Director liable to retire by rotation; **<u>Special Business</u>**: (3) Appointment of Mr. Ikuo Nakamura (DIN 08074714) as Director of the Company; and (4) Appointment of Mr. Meeta Sanghvi (DIN 08065804) as Director of the Company; and (5) Increase in borrowing limits of the Company from Rs. 2,000 Crore to Rs. 5,000 Crore (6) Increase in limits for creation on the assets of the Company from Rs. 2000 Crore to Rs. 5000 Crore to secure its borrowings (7) Disposal of or cancellation of the unsubscribed 1,464,789 equity shares of Rs. 10/- each which are forming part of Issued Share Capital

25th Extra-Ordinary General Meeting	September 25, 2018 at 5 :00 a.m.	Mumbai	(1) Appointment of Mr. Ryohei Suzuki as a Whole-Time Director of the Company
26th Extra-Ordinary General Meeting	January 21, 2019 at 03:00 p.m	Mumbai	(1) Re-appointment of Mr. Sandeep Gambhir, as Managing Director of the Company

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Annexure-H

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs –The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Act. Various projects are within the framework of Schedule VII of the Act. The web link to the CSR policy is at http://www.orixindia.com/OAIS.aspx

(2) The Composition of the CSR Committee: Mr. Kiyokazu Ishinabe, Director; Mr. Sandeep Gambhir, Managing Director; and Mr. Abhay Kakkar, Independent Director.

(3) Average net profit of the company for last three financial years: Rs. **209,540,097/-** (2015-2016, 2016-2017, 2017-2018)

(4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – **Rs. 4,190,802/-**

(5) Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year - **Rs. 4,190,802/-**

(b) Amount unspent, if any - None

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(c) **Manner in which the amount spent during the financial year is detailed below :**

Sr. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) Project Wise (Amount in Rs.)	Amount spent on the projects or programs Direct expenditure on projects or programs Overheads	Cumulative expenditure upto the reporting period (Amount in Rs.)	Amount spent through implementing agency*
(1)	**ORIX India Community Development Program – Phase III** in Mograj Village and Pinglas Village, Raigarh District, Maharashtra	Promoting Healthcare and Sanitization, Education and Agricultural Development	Mograj Village and Pinglas Village, Raigarh District, Maharashtra	10,00,000	Direct expenditure on project	10,00,000	Society for Educational Welfare and Economic Development (SEED)
(2)	The Mobile 1000 Van Programme (Health Care) in Rural India	Promoting Healthcare	Rural India.	10,00,000	Direct expenditure on project	10,00,000	Wockhardt Foundation
(3)	**Rotary Blood Bank" at Village Kadipur, Pataudi Road, Gurgaon** – 122001 to provide support to underprivileged on health related matter	Promoting health care including Preventing health care	Village Kadipur, Pataudi Road, Gurgaon – 122001	6,00,000	Direct expenditure on project	6,00,000	Rotary Club of Gurgaon South City Community Services Society
(4)	Nisvartha Foundation – Students Education Sponsorship, Maharashtra	Promoting Education	Maharashtra	5,00,000	Direct expenditure on project	5,00,000	Nisvartha Foundation

(5)	Enabling quality education through self-powered classrooms, Palghar	Promoting Education and Environment sustainability.	Maharashtra	4,00,000	Direct expenditure on project	4,00,000	Samta Purushottam Agarwal Memorial Foundation
(6)	Benefits to armed forces widows and their dependents	Armed forces widows and dependents	New Delhi	6,90,802	Direct expenditure on project	6,90,802	Army Wives Welfare Association (AWWA)
Total				**41,90,802**		**41,90,802**	

By Order of the Board of Directors
ORIX Auto Infrastructure Services Limited

Sandeep Gambhir
Managing Director and CEO
DIN: 00083116

Ryohei Suzuki
Whole-Time Director
DIN: 08218888

Place: Mumbai
Date: July 04, 2019

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
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India

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Independent Auditors' Report

To the Members of ORIX Auto Infrastructure Services Limited

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ORIX Auto Infrastructure Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2019, and profit 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 *Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report and management discussion & analysis report, but does not include the financial statements and our auditors' report thereon.

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

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

Independent Auditors' Report

ORIX Auto Infrastructure Services Limited

Other Information *(Continued)*

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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. We have nothing to report in this regard.

Management's Responsibility for the Standalone 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 standalone 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

Independent Auditors' Report *(Continued)*

ORIX Auto Infrastructure Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(Continued)*

- 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

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.

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

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

Independent Auditors' Report *(Continued)*

ORIX Auto Infrastructure Services Limited

Report on Other Legal and Regulatory Requirements ***(Continued)***

e) On the basis of the written representations received from the directors as on and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".

(B) 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 2019 on its financial position in its standalone financial statements - Refer Note 34.1 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts as on 31 March 2019 for which there were any material foreseeable losses - Refer Note 34.3 to the standalone financial statements;

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

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UDIN: 19118189AAAAAY9642

Mumbai
4 July 2019

Annexure A to the Independent Auditors' report on the standalone financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 the fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified by management during the year. In our opinion, the frequency of such physical verification is reasonable. No material discrepancies were noticed on such verification.

iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans to any director or any person in whom director is interested in terms of Section 185 of the Act. Further, the Company has complied with Section 186 of the Act with respect to the investments made.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or other relevant provisions of the Act and rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub- section (1) of section 148 of the Act, for any of the activities conducted / services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable to the Company.

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, value added tax, sales tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Annexure A to the Independent Auditors' report on the financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019 *(Continued)*

(b) According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of the statue	**Nature of dues**	**Amount**	**Period to which amount relates**	**Forum where it is pending**
Income Tax Act 1961	Income Tax	3,527,676	AY 2002-03	Deputy Commissioner of Income Tax
		1,200,961	AY 2003-04	Deputy Commissioner of Income Tax
		3,002,625	AY 2006-07	Deputy Commissioner of Income Tax
Total		**7,731,262**		
Finance Act 1994	Service Tax	9,759,263	Oct 2005 to March 2006	Commissioner of Service Tax, Mumbai
		14,006,766	April 2006 to Sept 2006	Commissioner of Service Tax, Mumbai
		8,753,493	April 2006 to March 2009	CESTAT
		333,763,385	April 2006 to March 2011	CESTAT
		88,251,790	April 2011 to March 2012	CESTAT
		133,282,699	April 2012 to March 2013	CESTAT
		140,026,161	April 2013 to March 2014	CESTAT
		145,625,106	April 2014 to March 2015	CESTAT
		641,432,073	April 2015 to June 2017	CESTAT
		26,108,922	April 2012 to June 2017	GST Audit, Commission, Mumbai
		6,160,901	October 2012 to March 2014	Additional Commissioner of Service Tax(GST), Mumbai
Total		**1,547,170,558**		

Annexure A to the Independent Auditors' report on the financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019 *(Continued)*

Name of the statue	Nature of dues	Amount	Period to which amount relates	Forum where it is pending
VAT Act of Various States	VAT	102,382,438	January 2006 to September 2009	Joint Commssioner Commercial Tax, Chennai
		1,499,208	April 2008 to March 2009	West Bengal Commercial Taxes A&T Board
		2,321,427	April 2008 to March 2009	Additional (Commssioner) Appeals, Uttar Pradesh
		172,887,041	April 2005 to March 2008	VAT Tribunal , Maharashtra
		16,622,291	December 2006 to December 2011	High Court, Andhra Pradesh
		22,491,744	May 2012 to March 2014	Additional Joint Commssioner of Sales Tax (Delhi)
		339,046	April 2012 to March 2013	Deputy Commissioner CT , Rajasthan
		397,949	April 2006 to March 2008	Deputy Commssioner CT, Chennai
		447,482	April 2012 to March 2013	Deputy Commissioner CT, West Bengal
		520,606	April 2013 to March 2014	Deputy Commissioner CT, West Bengal
		13,704,724	April 2013 to March 2014	Deputy Commssioner CT, Chennai
		8,615,751	April 2012 to March 2013	Joint Commissioner, Maharashtra
		23,628,169	April 2012 to March 2013	Joint Commissioner, Telangana
		14,557,337	April 2013 to March 2014	Joint Commissioner, Maharashtra
		4,95,761	April 2013 to March 2014	Apellate Deputy Commissioner, Telangana
		8,243,419	April 2014 to March 2015	Joint Commissioner CT, Maharashtra
Total		**389,154,393**		

viii. According to the information and explanations given to us, the Company has not defaulted in repayment of outstanding to financial institution or bank. The Company did not have any debentures or borrowings from the government during the year.

ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

Annexure A to the Independent Auditors' report on the financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019 *(Continued)*

x. According to the information and explanations given to us, no material fraud on or by the Company, by its officers or employees, was noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

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

xvi. According to the information and explanations given to us, the Company is not required to be registered 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

Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UDIN: 19118189AAAAAY9642

Mumbai
4 July 2019

A,

Annexure B to the Independent Auditors' report on the standalone financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (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 ORIX Auto Infrastructure Services Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone 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 2019, 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 issued by the Institute of Chartered Accountants of India ("the Guidance Note").

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 ("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 standalone 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.

Annexure B to the Independent Auditors' report on the standalone financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019. *(Continued)*

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

Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UIDN: 19118189AAAAAY9642

Mumbai
4 July 2019

ORIX Auto Infrastructure Services Limited

Notes to the Separate Financial Statements

Company Overview and Significant Accounting policies

1.1 Company Overview

ORIX Auto Infrastructure Services Limited ("the Company"/ "OAIS") was incorporated as public limited company in India under the Companies Act 1956 on 2 March 1995 and obtained certificate of commencement of business in 1995. ORIX Corporation, Japan is the holding Company. The Company is engaged in the business of providing transport solutions in the form of operating lease, car rentals, self-drive vehicles, employee transport solutions. The Company's registered office is at Plot no.94, Marol Co. op. industrial estate, Andheri-kurla road, Andheri (E), Mumbai-400 059, Maharashtra, India.

1.2 Statement of compliance and basis of preparation & presentation of separate Financial

(a) Statement of compliance

These separate financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(b) Basis of preparation

These separate financial statements have been prepared in Indian Rupee (`) and all values are rounded to nearest Rupee (`) in lakhs except where otherwise stated which is the functional currency of the Company. These separate financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months. The statement of cash flows have been prepared under indirect method.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 04th July 2019.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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Standards Issued but not Effective Yet

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its separate financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the separate financial statements in the period of initial application is not reasonably estimable as at present.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarification that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company is currently assessing the impact of application of this amendment on the Company's separate financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in re measuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Company is currently assessing the impact of application of this amendment on the Company's separate financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allow particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortised cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination. The Company is currently assessing the impact of application of this amendment on the Company's separate financial statements.

1.3 Use of estimates

The preparation of the separate financial statements in conformity with the recognition and measurement principles of 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 separate financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these separate financial statements have been disclosed in the relevant disclosures. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the separate financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the separate financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the separate financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimated useful life of property, plant and equipment (PPE) and intangible asset - useful life of PPE and Intangible assets is reviewed at the end of each reporting period.

- Estimation of defined benefit obligation - Key actuarial assumptions

- Recognition of deferred tax assets for carried forward tax losses - availability of future taxable profit against which tax losses carried forward can be used

- Impairment of trade receivables - loss allowance is recognized using expected credit loss model

Estimates and judgements are continually evaluated. They 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.

During the reporting year, the management has reviewed the useful life of assets. Due to extension of contracts in case of BTS own vehicles, the estimated useful life of the assets was changed from the beginning of the year. Had the Company continued to follow the earlier estimate, the Company's net profits would have been lower by ₹ 278.10 lakhs.

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1.4 Revenue Recognition

The Company earns revenue primarily from providing assets on operating lease, rentals of cars and rentals of self-drive vehicles, employee transport solutions and maintenance of vehicles.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method.

The impact of adoption of the standard on the separate financial statements of the Company is insignificant. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Income from operations is recognized on accrual basis.
- Operating lease income:

Leases in which the Company as a lessor does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease rental income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term.

In respect of Maintenance Linked Leases (MLL), lease rentals are segregated between income for asset leased and maintenance charges. The maintenance costs are recognised and accounted for as expenses as and when incurred.

- Rental Income:

Car rental income and service charges are recognized on completion of the services.

- Service centre:

Sales of automobile spare parts and accessories along with labour charges during service /repairs of cars are accounted for on completion of jobs. Other sale of spares and accessories are accounted for on dispatch basis. Income on maintenance contracts included in service charges under sales and services has been accounted on period basis.

- Business transport solutions (BTS):

Business Transport solutions income relates to services to corporates towards management of their logistics requirements for transportation of employees. In order to provide these services, the Company normally enters into arrangements with various vendors for use of vehicles on back to back basis. Income is recognized on the basis of actual services provided to clients based on the rates and terms mutually agreed upon.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

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Use of significant judgements in revenue recognition

• The Company's contracts with customers could include to transfer multiple products and services to a customer. The Company assesses the products / services in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

• Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

• The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract.

• The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. Transfer of significant risks and rewards to the customer is an indicator.

1.5 Property, plant and equipment

a. Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the assets to its working condition for intended use.

b. The cost of fixed assets not ready for their intended use at the balance sheet date is disclosed under capital work in progress.

c. Land and Buildings are taken on a long-term composite lease. The Company has assessed the lease of land and building separately and concluded that both of these leases are finance leases in nature.

d. Assets given by the Company under operating lease are included in fixed assets.

1.5.1 Depreciation / Amortisation:

Depreciation / Amortisation has been provided on straight line method at the rates prescribed under part "C" of Schedule II to the Companies Act, 2013, except for following assets. The useful life of the asset is the period over which the asset is expected to be available for the use to the Company:

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Asset Type	Useful life
Leasehold improvements	Over lease period
RAC Self Drive vehicles	5 years
BTS Own Vehicles	4.9 years
Furniture, equipment's to employees	4 years
Furniture and fixtures	7 years
Own executive vehicles	Over agreed period
Plant and machinery	7 years
Computer software	6 years
Motor cars under operating lease	5 years

a. Depreciation for the month of purchase is calculated in the proportionate period from the date of purchase and depreciation for the month of sale is calculated in the proportionate period till the date of sale.

b. Fixed assets costing less than ₹ 5,000 are charged to the Statement of profit and loss.

1.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

1.7 Financial instruments

1.7.1 Initial Recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.7.2 De-recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

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Chartered Accountants

1.7.3 Subsequent measurement

a. Non-derivative financial instruments

i. Financial assets carried at amortised cost
A financial asset is subsequently 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. Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income 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. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii. Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

v. Investment in subsidiaries
Investment in subsidiaries is carried at cost in the separate financial statements.

b. Share Capital

Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

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1.9 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

- Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

1.11 Functional and presentation currency

The restated Standalone Financial Information are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian rupees has been rounded to the nearest rupee in zero decimal except share and per share data in terms of Schedule III unless otherwise stated.

1.12 Foreign currency transactions

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Subsequent measurement

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.13 Leases

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Company as a lessee

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability for each period."

Arrangement containing lease

The Company assesses the service contracts entered with various customers so as to determine whether the arrangement conveys a right to use an asset or not, based on an evaluation of the terms and conditions of the arrangements. In case these arrangements convey lease, they are classified as Operating Lease.

1.14 Asset retirement obligations ('ARO')

ARO is initially measured at the present value of expected cost to settle the obligation and accounted for in the books if found material.

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1.15 Retirement and other employee benefits:

i. Short term employee benefits

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

ii. Post-Employment Benefits

a. Define contribution plans

The Company has taken group gratuity- cum -life assurance scheme of Life Insurance Corporation of India for gratuity payable to the employees and incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss.

b. Define benefit plans

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

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 amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations 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.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and 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 or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Leave encashment

The employees can carry-forward a portion of the unutilised accrued leave encashment and utilise it in future service periods or receive cash compensation on termination of employment. Since the leave encashment do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised 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 leave encashment 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.

1.16 Taxation:

Income tax expenses represents the sum of the tax currently payable and deferred tax.

i. Current Tax

Income tax expense comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iii. Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.17 Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has appointed a CEO, who assesses the financial performance and position of the Company, and makes strategic decisions of allocation of resources. Hence, CEO has been identified as being the chief operating decision maker.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

1.18 Valuation of inventories:

Inventories comprising of stock of spare parts, accessories and vehicles retired from active use in business are valued at the lower of cost and net realizable value. Cost of spare parts and accessories is arrived at on "First in first out" basis. Obsolete, defective and unserviceable stocks are provided for as and when identified based on technical evaluation by the management.

1.19 Effective Interest Rate (EIR) Method

Effective Interest Rate (EIR) Method The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

1.20 Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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Chartered Accountants

ORIX Auto Infrastructure Services Limited

Balance Sheet as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
I ASSETS			
1 Non current Assets			
(a) Property, plant and equipment	2	**80,732**	80,675
(b) Capital work in progress		**1,463**	1,717
(c) Other Intangible assets	3	**377**	391
(d) Financial assets			
i. Investments	4	**42,405**	40,405
ii. Other financial assets	5	**1,260**	419
(e) Deferred tax assets (Net)	41	**8,233**	6,250
(f) Other non current assets	6	**1,688**	860
(g) Other tax assets (Net)	7	**1,664**	2,044
Total non current assets		**137,822**	**132,761**
2 Current Assets			
(a) Inventories	8	**720**	48
(b) Financial Assets			
i. Trade and other receivables	9	**15,899**	20,932
ii. Cash and cash equivalents	10	**636**	867
iii. Loans	11	**37**	35
v. Other financial assets	12	**1,921**	1,748
(c) Other current assets	13	**7,277**	9,724
Total current assets		**26,490**	**33,354**
TOTAL ASSETS		**164,312**	**166,115**
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	**12,800**	12,800
(b) Other equity	15	**44,883**	43,769
Total Equity		**57,683**	**56,569**
2 Non-Current Liabilities			
(a) Financial liabilities			
i. Borrowings	16	**43,034**	41,052
ii. Other financial liabilities	17	**84**	127
(b) Provisions	18	**309**	243
(c) Other non-current liabilities	19	**639**	692
Total non current liabilities		**44,066**	**42,114**
3 Current liabilities			
(a) Financial liabilities			
i. Borrowings	20	**18,502**	26,774
ii. Trade and other payables	21	**13,370**	12,921
iii. Other financial liabilities	22	**29,558**	24,857
(b) Provisions	23	**319**	162
(c) Current tax liabilities (Net)	24	**23**	196
(d) Other current liabilities	25	**791**	2,522
Total current liabilities		**62,563**	**67,432**
TOTAL EQUITY & LIABILITIES		**164,312**	**166,115**

Significant accounting policies 1

The accompanying notes are an integral part of these Financial Statements

As per our report of even date attached

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

Kapil Goenka

Kapil Goenka
Partner
Membership No. : 118189

B S R & Co. LLP 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India Chartered Accountants

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Place : Mumbai
Date : 04th July, 2019

ORIX Auto Infrastructure Services Limited
Statement of profit and loss for the year ended 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

	Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
	Revenue			
I	Revenue from operations	26	81,094	74,859
II	Other Income	27	1,492	1,656
III	**Total income**		**82,586**	**76,515**
IV	**Expenses**			
	Cost of materials consumed	28	1,644	1,309
	Employee benefit expense	29	8,538	7,630
	Finance cost	30	8,164	7,687
	Depreciation and amortisation expense	31	23,671	21,223
	Other expenses	32	38,714	35,851
	Total expenses		**80,731**	**73,700**
V	**Profit before tax**		**1,855**	**2,815**
VI	**Tax Expenses**			
	Current tax		2,542	2,536
	Deferred tax		(2,047)	(1,550)
	Tax expenses relating to prior years		1	56
VII	**Profit for the year**		**1,359**	**1,773**
VIII	**Other Comprehensive Income**			
A	Items that will not be reclassified to profit or loss			
	Remeasurements of post-employement benefit obligation		182	(3)
	Income tax related to items that will not be reclassified to profit or loss		64	1
	Other Comprehensive Income for the year		**246**	**(2)**
IX	**Total Comprehensive Income for the year**		**1,113**	**1,775**
X	**Earnings per equity share (Face value ₹ 10 per share)**	33		
	(1) Basic		1.06	1.59
	(2) Diluted		1.06	1.59

For **B S R & Co. LLP**
Chartered Accountants
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Chartered Accountants

Kapil Goenka

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Membership No. : 118189

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

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Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Place : Mumbai
Date : 04th July, 2019

ORIX Auto Infrastructure Services Limited

Statement of Changes in Equity (SOCIE)

(All amounts are in INR Lakhs, except share data and as stated)

Note (a) : Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period Balance	12,79,96,498	12,800	10,54,61,287	10,546
Changes in equily share capital during the year	-	-	2,25,35,211	2,254
Balance at the end of the reporting period	12,79,96,498	12,800	12,79,96,498	12,800

Note (b) : Other equity

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Securities premium	General Reserve	Retained earnings		
Balance at 1 April, 2018	**39,985**	**1,856**	**2,144**	**(215)**	**43,770**
Profit for the year	-	-	1,359		**1,359**
Other comprehensive income for the year	-	-		(246)	**(246)**
Balance at 31 March, 2019	**39,985**	**1,856**	**3,503**	**(461)**	**44,883**

Note (b) : Other equity

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Securities premium	General Reserve	Retained earnings		
Balance at 1 April, 2017	**26,254**	**1,856**	**371**	**(217)**	**28,265**
Profit for the year	-	-	1,773		**1,773**
Other comprehensive income for the year	-	-		2	**2**
Premium on Equity Shares issued during the year	13,746				**13,746**
Expenses on Equity Shares issued during the year	(16)				**(16)**
Balance at 31 March, 2018	**39,985**	**1,856**	**2,144**	**(215)**	**43,770**

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

Kapil Goenka
Partner
Membership No. : 118189

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited
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Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Place : Mumbai
Date : 04th July, 2019

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India.
Chartered Accountants

ORIX Auto Infrastructure Services Limited
Cash Flow Statement for the year ended 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities			
Profit before tax (including loss from discontinuing operations)		1,855	2,815
Depreciation / amortization		23,671	21,222
Provision for employee benefits (net)		373	174
(Profit) / Loss on sale of fixed assets		1,205	504
Finance costs		8,164	7,687
Provision for bad and doubtful debts		317	113
Bad debts written off		121	-
Sundry balances written off		1	49
Sundry balances written back		(142)	(155)
Operating profit before working capital changes		35,565	32,409
(Increase) / Decrease in inventory and repossessed assets		(672)	(6)
(Increase) / Decrease in trade receivable		4,595	(9,777)
(Increase) / Decrease in short term loan		(2)	154
(Increase) / Decrease in other financial assets		(1,020)	(1,402)
(Increase) / Decrease in other assets		1,619	(5,308)
Increase / (Decrease) in trade payables		450	6,361
Increase / (Decrease) in financial liabilities		496	1,971
Increase / (Decrease) in other current liabilities		(1,921)	(331)
Increase / (Decrease) in other long term liabilities		(53)	(3,035)
Net cash from operating activities before taxes		39,057	21,036
Less : taxes paid (net of refund)		(2,336)	(1,624)
Cash flows generated from operating activities - A	(A)	**36,721**	**19,412**
Cash flow from investing activities			
Purchase of fixed assets		(36,015)	(48,541)
Proceeds from sale of fixed assets		11,350	21,893
Investment in Subsidiary		(2,000)	(9,000)
Investment in Fixed Deposits		(102)	(30)
Redemption in fixed deposits		138	-
Cash flows used in investing activities - B	(B)	**(26,629)**	**(35,678)**
Cash flow from financing activities			
Proceeds from Long term borrowing		35,000	36,500
Repayment of Long term borrowing		(28,857)	(20,714)
Proceeds from Short term borrowings		31,500	47,014
Repayment of Short term borrowing		(44,012)	(48,500)
(Repayment)/ Proceeds from Cash credit		4,355	(982)
(Increase) / Decrease in Book overdraft		(115)	(1,420)
(Decrease) ECB Borrowing		-	(3,461)
Proceeds from issue of equity shares including share premium		-	15,984
Finance Cost		(8,164)	(7,687)
Cash flows generated from financing activities - C	(C)	**(10,293)**	**16,734**
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)		**(201)**	**468**
Cash and cash equivalents as at the beginning of the year		765	297
Cash and cash equivalents as at the end of the year (Refer Note no. 10)		**564**	**765**
		(201)	468

The accompanying notes form an integral part of these financial statements

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

Kapil Goenka

Kapil Goenka
Partner
Membership No. : 118189

Place : Mumbai
Date : 04th July, 2019

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Notes to the financial statements *(Continued)*
as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

2. Property, Plant & Equipment

Particulars	Buildings under Finance lease	Leasehold improvements	Plant and equipments	Furniture and fixtures	Vehicles	Data processing equipments	Office equipment	Operating lease - vehicles	Total
Gross carrying amount :									
As At April 01, 2018	3,103	696	11	151	15,144	631	305	88,884	108,925
Additions	-	71	1	50	5,353	148	38	30,526	36,187
Transfers	-	-	-	-	(258)	-	-	(1,214)	(1,472)
Disposals	-	-	-	6	1,410	0	1	20,197	21,614
As at March 31, 2019	3,103	767	12	195	18,829	779	342	97,999	122,026
Accumulated Depreciation / amortization and impairment :									
As At April 01, 2018	119	236	6	54	5,123	302	125	22,286	28,251
Additions	59	146	2	40	3,276	191	63	19,798	23,574
Transfers	-	-	-	-	(148)	-	-	(531)	(679)
Disposals	-	-	-	6	848	0	1	8,997	9,852
As at March 31, 2019	178	382	8	88	7,403	492	187	32,556	41,294
Net carrying amount as at March 31, 2019	2,925	385	4	107	11,426	287	155	65,444	80,732

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2. Property, Plant & Equipment (*Continued*)

Particulars	Buildings under Finance lease	Leasehold improvements	Plant and equipments	Furniture and fixtures	Vehicles	Data processing equipments	Office equipment	Operating lease - vehicles	Total
Gross carrying amount :									
As At April 01, 2017	3,103	589	9	109	12,685	436	248	73,519	90,698
Additions	-	107	2	42	3,031	199	59	44,752	48,192
Transfers	-	-	-	-	-	-	-	(65)	(65)
Disposals	-	-	-	0	572	4	2	29,322	29,900
As at March 31, 2018	3,103	696	11	151	15,144	631	305	88,884	108,925
Accumulated Depreciation / amortization and impairment :									
As At April 01, 2017	59	96	4	21	2,246	124	39	12,079	14,668
Additions	59	140	2	33	3,219	180	87	17,430	21,150
Transfers	-	-	-	-	-	-	-	(37)	(37)
Disposals	-	-	-	0	342	2	1	7,186	7,531
As at March 31, 2018	119	236	6	54	5,123	302	125	22,286	28,250
Net carrying amount as at March 31, 2018	2,984	460	5	96	10,021	330	181	66,598	80,675

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3. Intangible Assets

Particulars	Software
Gross carrying amount :	
As At April 01, 2018	511
Additions	83
As at March 31, 2019	593
Accumulated Depreciation / amortization and impairment :	
As At April 01, 2018	119
Additions	97
As at March 31, 2019	216
Net carrying amount as at March 31, 2019	377

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3. Intangible Assets (*Continued*)

Particulars	Software
Gross carrying amount :	
As At April 01, 2017	319
Additions	192
As at March 31, 2018	511
Accumulated Depreciation / amortization and impairment :	
As At April 01, 2017	48
Additions	71
As at March 31, 2018	119
Net carrying amount as at March 31, 2018	392

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4 Non-current investments

Name of the body corporate	Quoted / unquoted	Partly paid / fully paid	Extent of holding (%)	As at March 31, 2019		As at March 31, 2018	
				No. of shares	Amount	No. of shares	Amount
Investment in equity shares of Subsidiary (at cost)							
Non-trade investments							
ORIX Leasing & Financial Services India Limited	Unquoted	Fully Paid (Face value of ₹ 10)	99.99	**100,935,831**	**40,405**	100,935,831	40,405
ORIX Housing financial Corporation India Ltd.	Unquoted	Fully Paid (Face value of ₹ 10)	99.99	**19,999,993**	**2,000**	-	-
Total					42,405		40,405

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Particulars	As at 31 March 2019	As at 31 March 2018
Note 5		
Other financial assets		
Security Deposits- Premises	214	200
Less: Expected Credit Loss Allowance	(3)	(4)
	211	196
Security Deposits- Petrol & Sundry Deposits	269	215
Bank deposits with residual maturity of more than 12 months*	2	8
Out of pocket expenses recoverable	778	-
TOTAL	**1,260**	**419**
*The bank deposits have been kept as a security for registration with the VAT authorities of various states.		
Note 6		
Other non current assets		
Other		
Balances with Government authorities- VAT Input Credit & TDS refund	1,651	779
Prepaid Expenses	37	81
TOTAL	**1,688**	**860**
Note 7		
Non-current tax assets (Net)		
Income tax (including TDS) (net of provision for tax - ₹ 9,672)	1,664	2,044
	1,664	**2,044**
Note 8		
Inventories (Valued @ cost or NRV, whichever is lower)		
Stores and spares	24	21
Retired Vehicles held for sale	696	27
Total	**720**	**48**
Note 9		
Trade Receivables		
Unsecured		
Considered Good	15,899	20,932
Considered Doubtful	653	318
	16,552	21,250
Less: Expected Credit Loss Allowance	(653)	(318)
TOTAL	**15,899**	**20,932**

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Note 10
Cash and bank balances

(A) Cash & cash equivalents		
Balance with Banks		
On current accounts	540	740
Cash on hand	24	25
	564	765
(B) Bank balances other than cash & cash equivalents		
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months*	72	102
TOTAL	**636**	**867**

*The bank deposits have been kept as a security for registration with the VAT authorities of various states

Note 11
Loans

Unsecured, Considered good		
Loans and advances to employees	37	35
Total	**37**	**35**

Note 12
Other Current financial assets
Non-Derivative Asset

Deposits	7	9
Receivable from Related parties	974	761
Other Receivables	940	994
Less: Expected Credit Loss Allowance	(0)	(16)
Total	**1,921**	**1,748**

Note 13
Other current assets

Capital Advances	331	416
Other Advances		
Advances to suppliers - considered good	1,168	707
Advances to suppliers - considered doubtful	225	225
Less: Allowance for doubtful advances	(225)	(225)
Advance for expenses	57	115
Others		
Prepaid Expenses	1,008	802
Balance with government authorities		
- VAT Input Credit	19	19
- Service Input Credit	7	7
- GST input credit	4,497	7,459
Incentive receivable from dealers	114	60
Insurance claim	76	139
TOTAL	**7,277**	**9,724**

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14 **Share capital:**

Particulars	As at 31 March 2019 Number	As at 31 March 2019 Amount	As at 31 March 2018 Number	As at 31 March 2018 Amount
Authorized				
Equity shares of ₹ 10 each	160,000,000	16,000	160,000,000	16,000
13.5% preference shares of ₹ 10 each	10,000,000	1,000	10,000,000	1,000
Issued				
Equity shares of ₹ 10 each	129,461,287	12,946	129,461,287	12,946
Subscribed and fully paid-up				
Equity shares of ₹ 10 each	127,996,498	12,800	127,996,498	12,800

i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:**

Particulars	As at 31 March 2019 Number	As at 31 March 2019 Amount	As at 31 March 2018 Number	As at 31 March 2018 Amount
Shares outstanding at the beginning of the year	127,996,498	12,800	105,461,287	10,546
Shares issued during the year	-	-	22,535,211	2,254
Shares outstanding at the end of the year	127,996,498	12,800	127,996,498	12,800

ii) **Terms / rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

iii) 127,984,998 Equity Shares (P. Y. - 127,984,998) are held by ORIX Corporation, Japan, the holding company and its nominees.

iv) **Details of shareholders holding more than 5% shares in the Company / shares held by holding / ultimate holding company:**

Particulars	As at 31 March 2019 No. of shares held	As at 31 March 2019 % of holding	As at 31 March 2018 No. of shares held	As at 31 March 2018 % of holding
ORIX Corporation (Japan), the holding company and its nominees	127,984,998	100.00%	127,984,998	100.00%

Note :

1 No shares have been reserved for issue under options

2 No shares have been alloted pursuant to contract(s) without payment being received in cash

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Note 15
Other equity

Securities premium account	39,985	39,985
General reserve	1,856	1,856
Reserves and surplus	3,503	2,144
Other Comprehensive Income	(461)	(215)
TOTAL	**44,883**	**43,769**

i) Securities premium is used for recording the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.
ii) The general reserve comprises of transfer of profit from retained earnings for appropriation purposes. The reserve can be distributed/utilized by the company in accordance with the Companies Act, 2013.

Note 16
Long term borrowings

Unsecured loan		
Term Loan		
- From Banks (Refer note no. 40)	43,034	41,052
TOTAL	**43,034**	**41,052**

Notes
1. The Company borrows from various banks, in the form of term loan up to a period 5 years. As on Mar 31,2019 interest rate range was 8.00% p.a. to 9.50% p.a. (P. Y. interest rate range was 7.84% p.a. to 9.50% p.a.)
2. Term loan from Banks aggregating ₹ 42,896 (P. Y. aggregating ₹ 40,975) is guaranteed by ORIX Corporation, Japan (Holding Company).

Note 17
Other financial liabilities

Security deposits from Customers	84	127
TOTAL	84	127

Note 18
Long term provisions
Provision for employee benefits

Provision for Employees' Retirement Benefits		
- Provision for Compensated absences	284	243
- Provision for Gratuity	25	-
TOTAL	**309**	**243**

Note 19
Other non-current liabilities

Other liabilities	638	630
Lease Equalisation	1	62
TOTAL	**639**	**692**

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Note 20
Short term borrowings

Secured		
Loans repayable on demand from banks		
- Cash Credit From Banks	505	93
- Working capital Demand Loan	500	-
Unsecured		
Loans repayable on demand from banks		
- Working capital Demand Loan	9,000	22,000
- Overdraft Facility From Bank	8,375	4,432
Book Overdraft	120	235
Interest accrued but not due on borrowings	2	14
TOTAL	**18,502**	**26,774**

Notes:

1. The Company's borrowings from various banks, in the form of cash credit / short term loan / working capital demand loan up to a period 1 years carried interest rate of 8.00% p.a. to 10.65% p.a. (P.Y. 7.30% p.a. to 10.65% p.a.)

2. Short term loan from Banks aggregating of ₹ 9,000 (P.Y. ₹ 22,000) is guaranteed by ORIX Corporation, Japan (Holding Company)

3. Loans are secured by floating charge by way of hypothecation of the following assets as per the drawing power:
   i. Unencumbered owned assets
   ii. Receivables under operating lease with underlying assets
   iii. Receivables from the Company's other business activities

Note 21
Trade Payables

Total outstanding dues of Micro and Small Enterprises (Refer Note No 34.4)	103	-
Total outstanding dues of Creditors other than Micro and Small Enterprises	13,267	12,921
TOTAL	**13,370**	**12,921**

Note 22
Other financial liabilities

Current maturities of long term debts-Unsecured	26,904	22,742
Advance from customers	1,543	978
Payable to Employees	978	1,032
Other Payables		
- Security Deposits	133	105
TOTAL	**29,558**	**24,857**

Note 23
Short term Provisions
Provision for employee benefits

- Provision for Compensated absences	43	22
- Provision for Gratuity	276	140
TOTAL	**319**	**162**

Note 24
Current tax liabilities (Net)

Provision for income tax (net of advance tax)	23	196
	23	**196**

Note 25
Other current liabilities

Other Payables		
- Statutory remittances (Contributions to PF, withholding taxes, Sales Tax, Service Tax, etc)	320	2,081
- Other Payables	471	441
TOTAL	**791**	**2,522**

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(All amounts are in INR Lakhs, except share data and as stated)

PARTICUALRS	Year ended 31 March 2019	Year ended 31 March 2018
Note 26		
Revenue from operations		
Sale of products		
Spares and Consumables	1,858	1,468
Sale of services		
Operating leases on vehicles	30,028	27,090
Car rentals	27,177	25,486
Car Rental - Self Drive	1,985	1,219
Business transport solutions	18,323	18,424
Service Centre Revenue	286	244
Maintenance Revenue	632	494
Other Operating Revenue		
Income on pre termination of lease	234	122
Discount- BTS vendors	307	254
Insurance Commission	264	58
TOTAL	**81,094**	**74,859**
Note 27		
Other income		
Interest income on:		
Bank deposits	6	7
Income tax refund	415	386
Loans and advances	107	70
Others	2	1
Security Deposits-Premises	13	12
Other Non-Operating Income		
Bad debts recovered	-	3
Sundry balances written back	142	155
Management Fees	259	259
Rental income	134	134
Miscellaneous income	414	629
TOTAL	**1,492**	**1,656**
Note 28		
Cost of material consumed		
Spare Parts, Accessories & Used Cars		
Inventory at the beginning of the year	18	20
Add: Purchases	1,645	1,307
Less: Inventory at the end of the year	(19)	(18)
TOTAL	**1,644**	**1,309**
Note 29		
Employee benefit expenses		
Salaries and wages	7,578	6,737
Contribution to provident and other funds	555	519
Staff welfare expenses	405	374
TOTAL	**8,538**	**7,630**

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Note - 29
Employee benefit
The Company contributes to the following post-employment defined benefit plans in India.
(i) Defined Contribution Plans:
The Company makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.
The Company recognised ₹ 176 (previous year ₹ 193) for superannuation contribution and other retirement benefit contributions in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.
The Company recognised ₹ 379 (previous year ₹ 325) for provident fund contributions in the Statement of Profit and Loss.
(ii) Defined Benefit Plan:
A. The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:
i) On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
ii) On death in service:
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2019	31 March 2018
	Gratuity Funded	
Defined benefit obligation	1,361	1,059
Fair value of plan assets	1,061	919
Net defined benefit (obligation)/assets	301	140
Non-current	25	-
Current	276	140

B. Movement in net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	31 March 2019	31 March 2018
	Gratuity Funded	
Defined benefit obligation		
Opening balance	1,059	908
Included in profit or loss		
Current service cost	116	115
Past service cost		
Interest cost	86	70
	1,261	1,092
Included in OCI		
Remeasurement loss (gain):	68	(39)
Actuarial loss (gain)	116	55
Demographic assumptions	-	-
Financial assumptions	-	-
Experience adjustment	-	-
Return on plan assets excluding interest income	-	-
	1,445	1,108
Other		
Contributions paid by the employer	-	-
Benefits paid	(84)	(49)
Closing balance	1,361	1,059
Fair value of plan asset		
Opening balance	919	446
Included in profit or loss	-	-
Interest income	74	34
	993	480
Included in OCI		
Remeasurement gain (loss):	-	-
Actuarial gain (loss)	-	-
Demographic assumptions	-	-
Financial assumptions	-	-
Experience adjustment	-	-
Return on plan assets excluding interest income	2	18
	995	498
Other		
Contributions paid by the employer	149	469
Assets Transferred Out/ Divestments	-	-
Benefits paid	(84)	(49)
Closing balance	1,061	919
Represented by		
Net defined benefit asset	-	-
Net defined benefit liability	301	140
	301	140

C. Plan assets
Plan assets comprise the following :

	31 March 2019	31 March 2018
	Gratuity Funded	
Investment in scheme of insurance	100%	100%

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D. Defined benefit obligations
Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	31 March 2019	31 March 2018
Discount rate	7.54%	8.09%
Expected rate of return on plan assets	7.54%	8.09%
Salary escalation	7.00%	7.00%
Mortality pre retirement	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality post retirement	N.A.	N.A.
Employee turnover rate (for different age groups)	21.00% - 2.00%	21.00% - 2.00%

The estimate of future salary increases, considered in actuarial valuation takes into consideration inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

E. Expenses recognized in Statement of Profit & loss

	As at 31 March 2019	As at 31 March 2018
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	116	115
Net Interest Cost	11	36
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	127	150

F. Expenses recognized in Other Comprehensive Income (OCI)

	As at 31 March 2019	As at 31 March 2018
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	184	16
Return on Plan Assets, Excluding Interest Income	(2)	(18)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	182	(3)

G. Other Details

	As at 31 March 2019	As at 31 March 2018
Prescribed contribution for next years (12 months)	276	228

H. Maturity Analysis of Prjected Benefit Obligation : From the Fund

	As at 31 March 2019	As at 31 March 2018
Projected benefits payable in future years from the date of reporting		
1st following Year	86	57
2nd following Year	52	62
3rd following Year	53	47
4th following Year	54	45
5th following Year	142	47
Sum of years 6 to 10	596	518

I. 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.

	31-Mar-19		31-Mar-18	
	Increase	Decrease	Increase	Decrease
	Gratuity		Gratuity	
Discount rate (1% movement)	(120)	139	(94)	109
Future salary growth (1% movement)	138	(121)	109	(95)
Employee turnover rate (1% movement)	3	(4)	7	(8)
Mortality post retirement	N.A.	N.A.	N.A.	N.A.

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. Other long term employee benefits.
Compensated absences are payable to employees. The charge towards compensated absences for the year ended 31 March 2018 based on actuarial valuation using the projected accrued benefit method is ₹ 80 (P. Y. 31 March 2018 ₹ 59).

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Note 30
Finance Cost

Interest expense on financial liabilities at amortised cost	7,830	7,425
Other borrowing costs	334	262
TOTAL	**8,164**	**7,687**

Note 31
Depreciation and amortisation expense

Depreciation on tangible fixed assets	23,574	21,152
Amortization on intangible fixed assets	97	71
TOTAL	**23,671**	**21,223**

Note 32
Other expenses

Contract labour / chauffeurs payment	3,301	3,045
Service station labour charges	132	128
Car hire charges for Car rental	8,183	7,772
Car hire charges for Business Transport Solution	16,186	16,651
Rent	429	469
Electricity	133	113
Travelling and conveyance	469	401
Communication expenses	286	345
Professional and legal fees	405	412
Vehicle running expenses	3,080	2,419
Repairs and maintenance :		
- Machinery	50	63
- Others	1,444	1,161
Insurance premium	1,347	1,233
Rates and taxes	184	219
Directors' sitting fees	10	7
Printing and stationery	83	89
Software maintenance expenses	347	328
Loss on sale of fixed assets (net)	1,205	504
Freight & forwarding charges	22	16
Provision for Expected Credit Losses	317	113
Sundry balances written off	1	49
Bad debts written off	121	-
Corporate Social Responsibility Expenditure (Refer note (i) below)	42	22
Payment to the auditor (Refer note (ii) below)	61	63
Miscellaneous expenses	876	228
TOTAL	**38,714**	**35,851**

Notes :
(i) Corporate Social Responsibility Expenditure (CSR) :
1. Gross amount required to be spent by Company on CSR is ₹ 42 (P. Y. ₹ 22) and the same is spent during the year.

2. Amount spent during the year on:

Particulars	**Amount Spent**	**Total**
1. Construction/acquisition of any asset	-	-
2. On purposes other than (1) above	42	42
Total	**42**	**42**

(ii) Payment to Auditors:

Statutory Audit	59	62
Other services		
For Certification Work	2	1
For Out of Pocket Expenses	-	-
Total	**61**	**63**

Note 33
Earnings per equity share

Profit after tax attributable to equity shareholders	(A)	1,359	1,773
Calculation of weighted average number of equity shares			
Number of equity shares at the beginning of the year		127,996,498	105,461,287
Number of equity shares outstanding at the end of the year		127,996,498	127,996,498
Weighted average number of equity shares outstanding during the year	(B)	127,996,498	111,697,058
Basic and diluted earnings per share (₹)	(A / B)	**1.06**	**1.59**
Face value per share (₹)		10	10

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Note - 34

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

i) Claims against the Company not acknowledged as debts

Particulars	31 March 2019	31 March 2018
Income tax	77	77
Sales tax and Value added tax	4,394	4,306
Service tax	16,334	13,984
Litigation pending against the Company	28	28
Total	**20,833**	18,395

1) The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, Sales Tax and Service Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

2) The Supreme court of India in its judgement dated 28th February 2019, has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board are to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligation for the past periods. As a result, Company has applied the judgement prospectively and has assessed its obligation for March 2019 to be insignificant and hence not accrued this obligation.

34.2 Expenditure in foreign currency:

Particulars	31 March 2019	31 March 2018
Foreign travel	5	11
Bank guarantee, Interest & Other Charges	146	120
Professional fees	4	2
Total	**155**	**133**

34.3 Foreign currency exposures not hedged by derivative instruments are as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount in original currency	Amount in INR	Amount in original currency	Amount in INR
Amount payable for Bank Guarantee fees (USD)	1	46	1	46
Amount payable for Bank Global fees (USD)	0	1	0	1
Amount payable for Reimbursement of Salary (YEN)	71	44	-	-

34.4 Details of dues to micro enterprises and small enterprises

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018.

Particulars	As at 31 March 2019	As at 31 March 2018
a) Principal amount due and remaining unpaid to suppliers as at the year end	103	-
b) Interest accrued and due to suppliers on the above amount as at the year end	-	-
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g) Interest accrued and remaining unpaid at the year end	-	-
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

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ORIX Auto Infrastructure Services Limited

Notes to the financial statements (Continued)
(All amounts are in INR Lakhs, except share data and as stated)

Note 35
A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	Holding Company ORIX Corporation (Japan)	Japan	100%
2	Subsidiary Company ORIX Leasing & Financial Services India Limited (OLFS)	India	100%
3	Subsidiary Company ORIX Housing financial Corporation India Ltd	India	100%
4	Key Management Personnel Mr. Sandeep Gambhir, Chief Executive Officer Mr. Jay Gandhi, Company Secretary Mr. Vivek Wadhera, Chief Financial Officer Mr. Harukazu Yamaguchi, Chairman and Director Mr. Kiyokazu Ishinabe, Director Mr. Ikuo Nakamura, Director Mr. Nagesh Dubey, Independent Director Mr. Abhay Kakkar, Independent Director Mr. Ryohei Suzuki, Additional Director Ms. Meeta Sanghvi, Director		

B. Transactions with key management personnel
i. Key management personnel compensation

Sr. No.	Particulars	Short-term employee benefits	Post-employment benefits	Long-term employee benefits	Sitting Fees
i.	Mr. Sandeep Gambhir, Chief Executive Officer	434 (238)	7 (6)	3 (2)	- (-)
ii.	Mr. Jay Gandhi, Company Secretary	63 (55)	2 (2)	4 (3)	- (-)
iii.	Mr. Vivek Wadhera, Chief Financial Officer	172 (147)	7 (6)	3 (2)	- (-)
iv.	Mr. Ryohei Suzuki, Additional Director	54 (-)	1 (-)	0 (-)	- (-)
v.	Abhay Kakkar	- (-)	- (-)	- (-)	5 (4)
vi.	Nagesh Dubey	- (-)	- (-)	- (-)	5 (3)

C. Transactions with Related Parties

Sr. No.	Particulars	Subsidiary	Holding Company
	Income :		
i.	Rent income	134 (134)	
ii.	Management Fees	259 (259)	
iii.	Inter company Interest Income	74 (20)	
iv.	Reimbursement of Professional fees		33 (119)
v.	Reimbursement of Extriate allowance	-	44 (-)
	Expenses :		
i.	Interest & other Expenses	20 (3)	102 (119)
ii.	Reimbursement of Expenses	24 (36)	

D. Outstanding Balances

Sr. No.	Particulars	Subsidiary	Holding Company
i.	Receivables	134 (117)	
ii.	Payables	1,410 (989)	

Figures in brackets relate to previous year.

Terms and Conditions of Major/Key Managerial Personnel

1. Related party transactions are at arm's length price.
2. Rent is charged by OAIS to OLFS for using the premises of OAIS. Tenure of the contract is 1 year.
3. Management Fees is charged by OAIS to OLFS for using OAIS's Top management's time and efforts for OLFS business. Tenure of the contract is 1 year.
4. Administrative expenses are incurrend by OAIS and then allocated to OLFS.
5. Interest is charged on current account maintained between OAIS & OLFS.
6. Professional fees receivable from ORIX Corporation, Japan (holding company) as per agreement.
7. Extriate allowance payable to ORIX Corporation, Japan (holding company) as per agreement.

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Note 36

Operating Lease as Lessor:

The Company is in the business of leasing vehicles. The lease term for these contracts ranges from 2 to 4 years and are fixed and cannot be terminated without consent of both the lessor and lessee. No purchase options are given to the lessees during or at the end of the lease term. On retirement of vehicles from the rental business i.e. when a vehicle is not actively let out on a lease for more than 6 months, the vehicle becomes held for sale and reclassified to inventory. Any contigent rent is not conisdered as part of MLP as they are not resonably measured at the commncement of the lease and recognised in profit and loss as income when recieved.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	As at 31 March, 2019	As at 31 March, 2018
Less than one year	26,667	26,961
Between one and five years	32,314	34,719
More than five years	-	-
Total	**58,981**	**61,680**

Operating Lease as Lessee:

The Company has entered into operating lease agreements for office premises for the lease term ranging from 2 to 20 years. The agreement may be cancelled at the option of the lessee by giving written notice in advance. The lease term is extendable with mutual consent of both the parties. The escalation clause is present in the lease agreements. The escalation of the payments to lessor in these arrangements are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

i. Future Minimum Lease Payments
Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

	As at 31 March, 2019	As at 31 March, 2018
Less than one year	330	320
Between one and five years	762	709
More than five years	422	320
	1,514	**1,349**

ii. Amounts recognised in profit or loss

	As at 31 March, 2019	As at 31 March, 2018
Lease expense	429	469
Contingent rent expense	-	-
	429	**469**

Finance Lease as Lessee:

The Company has entered into lease agreements for leasehold land and building, the land and building has been classfied as finance lease. The lease term is for 62 years expiring on March-2069 . The arrangement does not grant an extension option to the Company. Following is the carrying amount of the leasehold buliding:

	As at 31 March, 2019	As at 31 March, 2018
Gross carrying amount	3,103	3,103
Addition	-	-
Net carrying amount	**3,103**	**3,103**
Opening Accumulated depreciation	119	59
Depreciation for the period	59	59
Net carrying amount	**2,925**	**2,985**

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Note 37
Segment Reporting

The Chief Executive Officer (CEO) been identified as the Chief Operating Decision Maker (CODM). The CEO regularly reviews the performance reports and make decisions about allocation of resources.

An operating segment is a component of the company that engages in business activities from which it may earn revenue and incur expenses, for which discrete financial information is available.

The Company is engaged in the business of providing transport solutions in the form of Operating Lease, Car rentals and Employee Transport solutions.

The company operates only in one segment and thus there are no reportable segments as per Ind As 108 on Operating segments. Also, the Company operates only in India and it perceives that there is no significant difference in its risks and returns in operating from different geographic areas within India.

The Company does not disclose separate segment information as the external reporting information provided in these financial statements reflects internal management information. Thus the assets and results of the segment can be determined by reference to the Balance Sheet and Statement of Profit and Loss for year respectively.

Information about major customers

No revenue from transaction with a single customer amounted to 10% or more of the Company's total revenue in the year ended 31st March 2019 or 31st March 2018.

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Notes to the financial statements (continued)
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Note 38
1 Financial instruments – Fair values and risk
A. Accounting classification and fair values
Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

March 31, 2019 ₹	Carrying Value	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Financial Assets measured at Amortised Cost					
Security Deposits	480		480		480
Other non current financial assets	780		780		780
Trade receivables	16,839		16,839		16,839
Cash and cash equivalents	636		636		636
Loans					
Loans - Employees	37		37		37
Other Current Financial Assets	981		981		981
	19,753	-	19,753	-	19,753
Financial liabilities					
Term Loans	69,940		69,686		69,686
Security deposits from Customers	217		217		217
- Cash Credit From Banks	505		505		505
- WORKING capital Demand Loan-Secured	500		500		500
- WORKING capital Demand Loan-unsecured	9,000		9,000		9,000
- Overdraft Facility From Bank	8,375		8,375		8,375
Advance from customers	1,543		1,543		1,543
Payable to Employees	978		978		978
Book Overdraft	120		120		120
Trade and other payables	13,370		13,370		13,370
	104,548	-	104,294	-	104,294

March 31, 2018 ₹	Carrying Value	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Financial Assets measured at Amortised Cost					
Security Deposits	411		411		411
Other non current financial assets	8		8		8
Trade receivables	21,910		21,910		21,910
Cash and cash equivalents	867		867		867
Loans					
Loans - Employees	35		35		35
Other Current Financial Assets	770		770		770
	24,001	-	24,001	-	24,001
Financial liabilities					
Term Loans	63,807		63,630		63,630
Security deposits from Customers	232		232		232
- Cash Credit From Banks	93		93		93
- Working capital Demand Loan-unsecured	22,000		22,000		22,000
- Overdraft Facility From Bank	4,432		4,432		4,432
Advance from customers	978		978		978
Payable to Employees	1,032		1,032		1,032
Book Overdraft	235		235		235
Trade and other payables	12,921		12,921		12,921
	105,731	-	105,554	-	105,554

(1) Assets that are not financial assets (such as prepaid expenses, advances to suppliers etc), are not included
(2) In this table, the Company has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with their carrying amounts In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in Ind AS 109 This presentation method is optional and a different presentation method may be more appropriate, depending on circumstances
(3) The fair value of Borrowings carrying a floating rate coupon have not be disclosed as the carrying amount are reasonable approximation of it's fair value
(4) Investments in subsidiaries is measured at cost in ccordance with Ind AS 27 and hence not included in the table above

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

a Fair value of cash and bank balances, prepaid guarantee commission, other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to short term maturities of these instruments

b The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used

Financial instruments measured at fair value

Type	Valuation technique
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate
Derivatives	The valuation model takes into consideration currency spot and forward rates, yield curve, currency volatality
Security Deposits	The valuation model considers present value of expected payments discounted using an appropriate discounting rate

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

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework

The 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.

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Financial instruments – Fair values and risk management (continued)

ii. Credit risk

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

The maximum exposure to the credit risk at the reporting date is primarily from Operating Lease, Rent-a-car and business transport solutions receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

a. Collaterals held and concentrations of credit risk
The company holds security deposit as collaterals against its credit exposures from Operating Lease.
The Company evaluates the credit risk after considering factors such as colletral value (security deposit) , and the past credit history of customer.

Below table provides the value of collateral held against credit impaired outstanding:

31st March 2019	Maximum exposure to credit risk	Security deposit	Net Exposure
Operating Lease	3,001	65	2,936

b. Amounts arising from ECL
i. Inputs, assumptions and techniques used for estimating impairment on Operating Lease, Rent-a-car and business transport solutions receivables

Assumption and Estimation techniques considered in the ECL model:
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The ECL has been computed on trade receivables in accordance with simplified approach based on days past due buckets of respective portfolios. The days past due has been adjusted to give effect to following:
1. the time lag between the raising of invoices and handing it over to the customer
2. the credit period mentioned in respective invoice
- The probability of default is based on the historical trends of impairment of trade receivables. The historical treands have been adjusted with macro econominc factors to make it forward looking.
- Loss given default is based on the recovery pattern for the default clients.

Forward looking information:
The below table shows the values of forward looking macro economic variable used in each of the scenarios for the ECL calculation. For this purpose the Company has used the data source of Economist Intelligence Unit. GDP has been used as a macro economic factor to calculate the forward looking probablities of default. The upside and downside % change has been derived using historical standard deviation from the base scenario.

ECL Scenario	Probability assigned	2019 %
Best Case	21.20%	7.70
Base Case	68.20%	6.90
Worst Case	10.60%	6.10

Assessment of significant increase in credit risk:
As the simplified approach has been followed, there would not be any assessment of significant increase in credit risk.

Definition of default
A default on a financial asset is when the counterparty fails to make the contractual payments within 180 days of raising the invoice for rent a car and business transport solutions portfolios. For operating lease receivables portfolio, the same would be within 120 days from the due date of the rental. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors.

Policy for write-off of receivables
No write offs have been done by the management during the periods for consideration.

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ii Exposure at default and Loss allowance

Exposure at default

31st March 2019	**OL**	**RAC**	**BTS**	**Others**	**Total**
0 DPD		5,588	5,680	422	11,690
1-60 DPD	2,349	624	478	87	3,538
61-90 DPD	389	57	192	10	648
90+ DPD	198	310	146	83	736
Total	**2,936**	**6,578**	**6,496**	**602**	**16,612**
Loss Allowance	**349**	**149**	**84**	**73**	**656**

31st March 2018	**OL**	**RAC**	**BTS**	**Others**	**Total**
0 DPD	-	5,694	5,817	-	11,511
1-60 DPD	4,326	875	919	357	6,476
61-90 DPD	2,225	171	244	10	2,651
90+ DPD	305	344	138	82	870
Total	**6,857**	**7,083**	**7,118**	**450**	**21,507**
Loss Allowance	**37**	**157**	**62**	**83**	**339**

Loss allowance

The movement in the allowance for impairment in respect of trade and other receivable during the year was as follows:

Operating Lease	**As at 31-03-2019**	**As at 31-03-2018**
Balance as the beginning of the year	37	5
Impairment loss recognised (net)	312	32
Balance as at the year end	349	37

RAC	**As at 31-03-2019**	**As at 31-03-2018**
Balance as the beginning of the year	157	114
Impairment loss recognised (net)	(7)	42
Balance as at the year end	149	157

BTS	**As at 31-03-2019**	**As at 31-03-2018**
Balance as the beginning of the year	62	29
Impairment loss recognised (net)	22	33
Balance as at the year end	84	62

Others	**As at 31-03-2019**	**As at 31-03-2018**
Balance as the beginning of the year	83	77
Impairment loss recognised (net)	(9)	5
Balance as at the year end	73	83

Total Loss allowance	**656**	**339**

There is no material concentration of loss allowance at any perticular geographic area.

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Financial instruments – Fair values and risk management (continued)

iii. 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's approach to managing liquidity is, 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.

Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

March 31, 2019		Contractual cash flows					
₹	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Term loans from banks	70,916	75,817	18,722	13,113	20,654	23,328	-
Advance from customers	1,543	1,543	1,543				
Security Deposits- Non Current	217	217	157	17	13	30	-
- Cash Credit From Banks	505	505	505				
- WORKING capital Demand Loan-Secured	500	500	500				
Working capital loans from banks	9,000	9,000	9,000				
- Overdraft Facility From Bank	8,375	8,375	8,375				
Book Overdraft	120	120	120				
Interest accrued but not due on borrowings	2	2	2				
Trade and other payables	13,370	13,370	13,370				
Total :	104,548						

March 31, 2018		Contractual cash flows					
₹	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Term loans from banks	64,825	72,800	15,984	11,243	19,967	25,606	-
Advance from customers	978	978	978				
Security Deposits	232	232	42	74	74	43	-
- Cash Credit From Banks	93	93	93				
- WORKING capital Demand Loan-Secured	-	-	-				
- WORKING capital Demand Loan-unsecured	22,000	22,000	22,000				
- Overdraft Facility From Bank	4,432	4,432	4,432				
Book Overdraft	235	235	235				
Interest accrued but not due on borrowings	14	14	14				
Trade and other payables	12,921	12,921	12,921				
Total :	105,731						

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iv. Market risk
Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Currency risk

The Company has its revenues and other transactions in its functional currency i.e. INR except immaterial expenditure in foreign currency. Accordingly the Company has no material exposure to currency risk as on 31st March, 2019

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v. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

		31-Mar-19	31-Mar-18
Borrowings			
Fixed rate borrowings			
Term Loan from Banks		11,100	16,863
Security Deposits		217	232
	Total	11,317	17,095
Variable rate borrowings			
Term Loan from Banks		58,838	46,931
Interest accrued but not due on borrowings		2	14
Cash Credit and Overdraft facilities From Banks		8,880	4,525
Working capital Demand Loan		9,500	22,000
Book Overdraft		120	235
	Total	77,340	73,705

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

	Profit or (loss)	
	100 bp increase	100 bp decrease
31-Mar-19		
Variable-rate instruments	(773)	773
Cash flow sensitivity (net)	(773)	773
31-Mar-18		
Variable-rate instruments	(737)	737
Cash flow sensitivity (net)	(737)	737

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. The sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

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Note 39

Capital Management

The Company's objectives when managing capital are to (a) maximise shareholders value and provide benefit to the stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities,comprising interest bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity.

	As at March 31, 2019	As at March 31, 2018
Non-Current Borrowings	43,034	41,052
Current Borrowings	18,502	26,774
Current maturity of long term debt	28,447	23,720
Gross Debt	**89,983**	**91,546**
Less - Cash and Cash Equivalents	(636)	(867)
Less - Other Bank Deposits		
Adjusted Net debt	**89,347**	**90,679**
Total equity	**57,683**	**56,569**
Adjusted Net debt to equity ratio	1.55	1.60

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Note 40

Repayment schedule of long term borrowing :
Loan as on 31 March 2019 are repayble as stated blow

	Interest Rate	1-2 years	2-3 years	3-5 years	Total
Floating					
Monthly	8.75%	9,750	6,625	2,604	18,979
Quarterly	9.20%	3,333	833	-	4,167
Yearly	8.50%	3,333	-	-	3,333
Bullet Payment	8.61%	-	10,000	-	10,000
Fixed					
Monthly	8.15%	3,250	2,000	1,167	6,417
Total		**19,667**	**19,458**	**3,771**	**42,896**

Loan as on 31 March 2018 are repayble as stated blow

	Interest Rate	1-2 years	2-3 years	3-5 years	Total
Floating					
Monthly	8.36%	6,000	3,500	375	9,875
Quarterly	8.40%	3,333	-	-	3,333
Yearly	7.87%	3,333	3,333		6,667
Bullet Payment	7.84%	-	-	10,000	10,000
Fixed					
Monthly	8.60%	4,683	3,250	3,167	11,100
Total		**17,350**	**10,083**	**13,542**	**40,975**

Note : Processing fees of ₹ -19 (P. Y. ₹ -27) and Interest payable on term loan of ₹ 158 (P. Y. ₹ 106) not included in above table.

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Note 41

(a) Movement in deferred tax balances

				31-Mar-19		
	Net balance April 1, 2018	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset						
Depreciation	5,667	1,779		7,446	7,446	-
Provisions	224	90		314	314	-
Expected Credit Losses	116	113		229	229	-
Maintenance linked Reserves (MLL)	219	22		241	241	-
Ind AS Adjustments	-			-		
Lease rental Straightlining	21	(21)		0	0	-
Effective interest rate on Borrowings	(0)	0		0	0	-
Employee benefits P&L	(114)	64		(50)	-	(50)
Employee benefits OCI	114		(64)	50	50	-
Discounting of security deposits paid for premises	2	(0)		2	2	-
Inventory Revaluation for retired vehicles	1			1	1	-
Tax assets (Liabilities)	6,250	2,047	(64)	8,233	8,283	(50)
Set off tax						
Net tax assets	6,250	2,047	(64)	8,233	8,283	(50)

(b) Movement in deferred tax balances

				March 31, 2018		
	Net balance April 1, 2017	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset						
Depreciation	3,941	1,726		5,667	5,667	-
Provisions	260	(36)		224	224	-
Expected Credit Losses	155	(39)		116	116	-
Maintenance linked Reserves (MLL)	197	22		219	219	-
Ind AS Adjustments						
Lease rental Straightlining	25	(4)		21	21	-
Effective interest rate on Borrowings	(1)	1		(0)	-	(0)
Provisions	(115)	1		(114)	-	(114)
Employee benefits OCI	115		(1)	114	114	-
Depreciation Adjustment	(2)	2		-	-	-
Discounting of security deposits paid for premises	2	0		2	2	-
Inventory Revaluation for retired vehicles	-	1		1	1	-
Deferred tax adjustment for transfer of revaluation reserve to general reserve for depreciation	124	(124)		-	-	-
Tax assets (Liabilities)	4,701	1,550	(1)	6,250	6,364	(114)
Set off tax						
Net tax assets	4,701	1,550	(1)	6,250	6,364	(114)

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

The applicable Indian corporate statutory tax rate for the year ended March 31, 2019 and March 31, 2018 is 34.94% and 34.61% respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to changes made in the Finance Act, 2018.

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ORIX Auto Infrastructure Services Limited
Notes to the financial statements (continued)
(All amounts are in INR Lakhs, except share data and as stated)
Note 41
Tax expense
(a) Amounts recognised in profit and loss

	For the year ended March 31, 2019 INR	For the year ended March 31, 2018 INR
Current tax		
Current period (a)	2,542	2,536
Changes in estimate related to prior years (b)	1	56
Deferred income tax liability / (asset), net		
Increase in deferred tax assets	(2,068)	(1,673)
Increase in deferred tax assets due to Ind AS Adjustments	21	123
Deferred tax expense (c)	(2,047)	(1,550)
Tax expense for the year (a)+(b)+(c)	**496**	**1,042**

(b) Amounts recognised in other comprehensive income

	Tax (expense) benefit INR	Tax (expense) benefit INR
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	64	(1)
	64	**(1)**

(c) Reconciliation of effective tax rate

	For the year ended March 31, 2019 INR	For the year ended March 31, 2018 INR
Profit before tax	**1,855**	**2,815**
Tax using the Company's domestic tax rate	648	974
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in Tax Rate	(61)	0
ECB Loan Mark-to-Market		
Corporate Social Responsibility Expenditure	7	4
Rectification of error in Fixed Assets		(9)
Others	(63)	-
Error in Debtors		
Rectification of error in Bonus	(31)	(4)
Permanent difference GST/ Sales Tax Penality, Interest on TDS	(5)	5
Permanent Difference for Stamp duty- Increase in authorised Share Capital		
Permanent difference Intercompany Gratuity		16
Actuarial Gains and Losses posted through OCI	64	(1)
Current tax expenses relating to prior years	1	56
	560	**1,042**

ORIX Auto Infrastructure Services Limited
Notes to the financial statements (continued)
(All amounts are in INR Lakhs, except share data and as stated)
Note 42

Change in liabilities arising from financing activities

Particulars	01 April 2018	Cash Flows	Changes in fair value	Exchange difference	Others	31 March 2019
Long term borrowing	63,795	6,196.58			(53)	69,938
Short term borrowing	22,014	-12,500.00			(12)	9,502
Cash credit	4,525	4,355				8,880
Book overdraft	235	(115)				120
Total	90,570	(2,064)	-	-	(65)	88,440

Particulars	01 April 2017	Cash Flows	Changes in fair value	Exchange difference	Others	31 March 2018
Long term borrowing	48,008	15,843	-	-	(56)	63,795
Short term borrowing	23,500	-1,500.00	-	-	14	22,014
Cash credit	5,508	(982)	-	-	-	4,525
Book overdraft	1,655	(1,420)	-	-	-	235
ECB Borrowing	3,461	(3,461)	-	-	-	-
Proceeds from issue of equity shares including share premium	36,800	15,984	-	-	-	52,784
Total	1,18,931	24,465	-	-	(42)	1,43,354

Other column includes the effect of accured but not paid interest on borrowing, amortisation of processing fees etc.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No. : 118189

For and on behalf of the Board of Directors
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Place : Mumbai
Date : 04th July, 2019

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Independent Auditors' Report

To the Members of ORIX Auto Infrastructure Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ORIX Auto Infrastructure Services Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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Independent Auditors' Report *(Continued)*

ORIX Auto Infrastructure Services Limited

Other Information

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

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

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

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Independent Auditors' Report *(Continued)*

ORIX Auto Infrastructure Services Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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 Consolidated 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 Consolidated 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 Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

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Independent Auditors' Report *(Continued)*

ORIX Auto Infrastructure Services Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated 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

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated 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 of the Holding Company taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31 March 2019 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 Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associates and joint ventures and joint operations. Refer Note 34.1 to the Consolidated Financial Statements.

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Independent Auditors' Report ***(Continued)***

ORIX Auto Infrastructure Services Limited

Report on Other Legal and Regulatory Requirements ***(Continued)***

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019. Refer Note 34.3 to the Consolidated Financial Statements.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies, during the year ended 31 March 2019.

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

Kapil Goenka

Kapil Goenka
Partner
Membership No. 118189
UDIN: 19118189AAAAAZ1274

Mumbai
4 July 2019

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Annexure A to the Independent Auditors' report on the consolidated financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of ORIX Auto Infrastructure Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective 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 the respective 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 internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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Annexure A to the Independent Auditors' report on the consolidated financial statements of ORIX Auto Infrastructure Services Limited for the year ended 31 March 2019

Auditors' Responsibility *(Continued)*

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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

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Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UDIN: 19118189AAAAAZ1274

Mumbai
4 July 2019

ORIX Auto Infrastructure Services Limited

Notes to the Financial Statements

Group Overview and Significant Accounting policies

1.1 Group Overview

The consolidated financial statements relate to ORIX Auto Infrastructure Services Limited ("the Company"/ "OAIS") its subsidiaries ORIX Leasing & Financial Services India Limited (Formerly known as OAIS auto Financial Services Limited) ("OLFS") and ORIX Housing Finance Corporation India Limited (OHFC). The company and its subsidiary constitute "The Group". The Company was incorporated as public limited company in India under the Companies Act 1956 on 2 March 1995 and obtained certificate of commencement of business in 1995. ORIX Corporation, Japan is the holding Company. The Company is engaged in the business of providing transport solutions in the form of operating lease, finance lease, car rentals, self-drive vehicles, employee transport solutions, commercial vehicles loan and loan against property. The Company's registered office is at Plot no.94, Marol Co. op. industrial estate, Andheri-kurla road, Andheri (E), Mumbai-400 059, Maharashtra, India.

1.2 Statement of compliance and basis of preparation & presentation of the consolidated financial statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(b) Basis of preparation

These separate financial statements have been prepared in Indian Rupee (₹) and all values are rounded to nearest Rupee (₹) in lakhs except where otherwise stated which is the functional currency of the Group. These consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months. The statement of cash flows have been prepared under indirect method.

These consolidated financial statements were approved by the Group's Board of Directors and authorised for issue on 4th July 2019.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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Standards Issued but not Effective Yet

Ind AS 116, Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its separate financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the separate financial statements in the period of initial application is not reasonably estimable as at present.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarification that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Group is currently assessing the impact of application of this amendment on the Group's separate financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in re measuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Group is currently assessing the impact of application of this amendment on the Group's separate financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allow particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortised cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination. The Group is currently assessing the impact of application of this amendment on the Group's separate financial statements.

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Mumbai-400011
India

1.3 Use of estimates

The preparation of the consolidate financial statements in conformity with the recognition and measurement principles of 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 consolidate financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidate financial statements have been disclosed in the relevant disclosures. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidate financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidate financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidate financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimated useful life of property, plant and equipment (PPE) and intangible asset - useful life of PPE and Intangible assets is reviewed at the end of each reporting period.

- Estimation of defined benefit obligation - Key actuarial assumptions

- Recognition of deferred tax assets for carried forward tax losses - availability of future taxable profit against which tax losses carried forward can be used

- Impairment of trade receivables - loss allowance is recognized using expected credit loss model

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

During the reporting year, the management has reviewed the useful life of assets. Due to extension of contracts in case of BTS own vehicles, the estimated useful life of the assets was changed from the beginning of the year. Had the Group continued to follow the earlier estimate, the Group's net profits would have been lower by ₹ 278.10 lakhs.

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1.4 Revenue Recognition

The Group earns revenue primarily from providing assets on operating lease, rentals of cars and rentals of self-drive vehicles, employee transport solutions, finance lease, commercial vehicles loans and loan against property and maintenance of vehicles.

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Group has adopted Ind AS 115 using the cumulative effect method.

The impact of adoption of the standard on the financial statements of the Group is insignificant. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

- Income from operations is recognized on accrual basis.
- Operating lease income:

Leases in which the Group as a lessor does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease rental income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term.

In respect of Maintenance Linked Leases (MLL), lease rentals are segregated between income for asset leased and maintenance charges. The maintenance costs are recognised and accounted for as expenses as and when incurred.

- Rental Income:

Car rental income and service charges are recognized on completion of the services.

- Service centre:

Sales of automobile spare parts and accessories along with labour charges during service /repairs of cars are accounted for on completion of jobs. Other sale of spares and accessories are accounted for on dispatch basis.

Income on maintenance contracts included in service charges under sales and services has been accounted on period basis.

- Business transport solutions (BTS):

Business Transport solutions income relates to services to corporates towards management of their logistics requirements for transportation of employees. In order to provide these services, the Group normally enters into arrangements with various vendors for use of vehicles on back to back basis. Income is recognized on the basis of actual services provided to clients based on the rates and terms mutually agreed upon.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

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- Finance lease:

Finance income is apportioned over the period of primary lease at the Internal Rate of Return and in respect of Loans.
In respect of "MLL", lease rentals are segregated between recovery for asset financed and maintenance charges. The Finance income is apportioned over the primary lease at Internal Rate of Return Method. The maintenance costs are recognised and accounted for as expenses as and when incurred.
Income arising out of modification in Finance Lease is recognised when the recoverability of the same is ascertained.

- Loan against hypothecation and Loan against property

Origination fees and brokerage expenses are amortised as income/expense on effective interest rate basis over the loan period. Initial Direct Cost for lease is expensed out in the period of origination of lease.

Income arising out of delayed payment in Loans is recognised on receipt of the same.

Use of significant judgements in revenue recognition

• The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
• Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

• The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract.

• The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. Transfer of significant risks and rewards to the customer is an indicator.

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1.5 Property, plant and equipment

a. Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the assets to its working condition for intended use.

b. The cost of fixed assets not ready for their intended use at the balance sheet date is disclosed under capital work in progress.

c. Land and Buildings are taken on a long-term composite lease. The Group has assessed the lease of land and building separately and concluded that both of these leases are finance leases in nature.

d. Assets given by the Group under operating lease are included in fixed assets.

1.5.1 Depreciation / Amortisation:

Depreciation / Amortisation has been provided on straight line method at the rates prescribed under part "C" of Schedule II to the Companies Act, 2013, except for following assets. The useful life of the asset is the period over which the asset is expected to be available for the use to the Group:

Asset Type	**Useful life**
Leasehold improvements	Over lease period
RAC Self Drive vehicles	5 years
BTS Own Vehicles	4.9 years
Furniture, equipment's to employees	4 years
Furniture and fixtures	7 years
Own executive vehicles	Over agreed period
Plant and machinery	7 years
Computer software	6 years
Motor cars under operating lease	5 years

a. Depreciation for the month of purchase is calculated in the proportionate period from the date of purchase and depreciation for the month of sale is calculated in the proportionate period till the date of sale.

b. Fixed assets costing less than INR 5,000 are charged to the Statement of profit and loss.

1.5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

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1.6 Basis of Consolidation

1.6.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.6.2 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.6.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

1.6.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.7 Financial instruments

1.7.1 Initial Recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.7.2 De-recognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

1.7.3 Subsequent measurement

a. Non-derivative financial instruments

i. Financial assets carried at amortised cost
A financial asset is subsequently 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. Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income 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. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii. Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

v. Investment in subsidiaries
Investment in subsidiaries is carried at cost in the consolidate financial statements.

b. Share Capital

Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8 Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.9 Impairment

a. Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

- Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

1.11 Functional and presentation currency

The restated Standalone Financial Information are presented in Indian rupees, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates. All financial information presented in Indian rupees has been rounded to the nearest rupee in zero decimal except share and per share data in terms of Schedule III unless otherwise stated.

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1.12 Foreign currency transactions

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Subsequent measurement

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.13 Leases

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Group as a lessee

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability for each period."

Arrangement containing lease

The Group assesses the service contracts entered with various customers so as to determine whether the arrangement conveys a right to use an asset or not, based on an evaluation of the terms and conditions of the arrangements. In case these arrangements convey lease, they are classified as Operating Lease.

1.14 Asset retirement obligations ('ARO')

ARO is initially measured at the present value of expected cost to settle the obligation and accounted for in the books if found material.

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1.15 Retirement and other employee benefits:

i. Short term employee benefits

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

ii. Post-Employment Benefits

a. Define contribution plans

The Group has taken group gratuity- cum -life assurance scheme of Life Insurance Corporation of India for gratuity payable to the employees and incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss.

b. Define benefit plans

The Group's gratuity benefit scheme is defined benefit plan. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Group's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Group'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 amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, 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.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses,the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset),to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and 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 or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Leave encashment

The employees can carry-forward a portion of the unutilised accrued leave encashment and utilise it in future service periods or receive cash compensation on termination of employment. Since the leave encashment do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such leave encashment 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.

1.16 Taxation:

Income tax expenses represents the sum of the tax currently payable and deferred tax.

i. Current Tax

Income tax expense comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iii. Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.17 Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group has appointed a CEO, who assesses the financial performance and position of the Group, and makes strategic decisions of allocation of resources. Hence, CEO has been identified as being the chief operating decision maker.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

1.18 Valuation of inventories:

Inventories comprising of stock of spare parts, accessories and vehicles retired from active use in business are valued at the lower of cost and net realizable value. Cost of spare parts and accessories is arrived at on "First in first out" basis. Obsolete, defective and unserviceable stocks are provided for as and when identified based on technical evaluation by the management.

1.19 Assignment

Assigned assets are derecognised only if the Group loses control of the contractual rights that comprise the corresponding pool or mortgages transferrred. Transfer of pool or mortgages under the current scenario involves transfer of proportionate shares in the pools of mortgages. Such transfers result in de recognition only of that proportion of mortgages as to meet the derecognition criteria. The proportion retained by the Group continue to be accounted for as loans, as mentioned above. Retained interest on loan assigned is amortised over the tenure of the loan in the statement of Profit and Loss Account.

1.20 Effective Interest Rate (EIR) Method

Effective Interest Rate (EIR) Method The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

1.21 Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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ORIX Auto Infrastructure Services Limited

Consolidated Financial Statements
as at 31 March 2019
(Currency: Indian Rupees in Lakhs)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non current Assets			
Property, plant and equipment	2	83,637	82,560
Capital work in progress		1,463	1,717
Other Intangible assets	3	488	547
Financial assets			
i. Loans	4	208,317	147,901
ii. Other financial assets	5	1,999	449
Deferred tax assets	41	15,516	13,566
Other non current assets	6	2,745	1,014
Non-current tax assets (Net)	7	2,661	2,207
Total non current assets		**316,826**	**249,961**
Current Assets			
Inventories	8	774	59
Financial Assets			
i. Trade and other receivables	9	15,899	20,932
ii. Cash and cash equivalents	10	4,134	1,387
iii. Loans	11	45,017	44,990
v. Other financial assets	12	2,092	1,477
Other current assets	13	13,033	12,486
Total current assets		**80,949**	**81,331**
TOTAL ASSETS		**397,775**	**331,292**
EQUITY AND LIABILITIES			
Equity share capital	14	12,800	12,800
Other equity	15	57,511	52,129
Total Equity		**70,311**	**64,929**
Financial liabilities			
i. Borrowings	16	148,598	136,609
ii. Other financial liabilities	17	2,178	645
Provisions	18	461	355
Other non-current liabilities	19	939	806
Total non current liabilities		**152,176**	**138,415**
Financial liabilities			
i. Short term borrowings	20	50,382	62,121
ii. Trade and other payables	21	16,071	13,240
iii. Other financial liabilities	22	107,458	49,353
Provisions	23	353	175
Current tax liabilities (Net)	24	67	338
Other current liabilities	25	957	2,721
Total current liabilities		**175,288**	**127,948**
TOTAL EQUITY & LIABILITIES		**397,775**	**331,292**

Significant accounting policies 1

The accompanying notes form an integral part of these 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

For and on behalf of the Board of Directors of
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Kapil Goenka
Partner
Membership No: 118189

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Mumbai
4th July 2019

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

ORIX Auto Infrastructure Services Limited

Consolidated Financial Statements
Statement of Profit and Loss for the Year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

		Notes	Year ended 31 March 2019	Year ended 31 March 2018
	Revenue			
I	Revenue from operations	26	112,406	94,675
II	Other Income	27	1,858	1,753
III	**Total income**		114,264	96,428
IV	**Expenses**			
	Cost of materials consumed	28	1,644	1,309
	Employee benefit expense	29	12,464	10,413
	Finance cost	30	24,154	17,042
	Depreciation and amortisation expense	31	24,354	21,669
	Other expenses	32	43,710	38,915
	Total expenses		106,326	89,348
V	**Profit/(loss) before tax**		7,939	7,080
VI	**Tax Expenses**			
	Current tax		4,210	5,021
	Current tax expenses relating to prior years		63	81
	Deferred tax		(2,032)	(2,418)
VII	**Profit/(loss) for the year**		5,697	4,395
VIII	**Other Comprehensive Income**			
A	Items that will not be reclassified to profit or loss			
	Remeasurements of post-employement benefit obligation		233	3
	Income tax related to items that will not be reclassified to profit or loss		82	(1)
IX	**Total Comprehensive Income for the year**		5,382	4,393
X	**Profit is attributable to:**			
	Owners of the Group		5,697	4,395
XI	**Other comprehensive income is attributable to:**			
	Owners of the Group		315	2
XII	**Total comprehensive income is attributable to:**			
	Owners of the Group		5,382	4,393
XIII	**Total comprehensive income attributable to owners of the group arises from:**			
	Continuing operations		5,382	4,393
XIV	**Earnings per equity share (Face value ₹ 10 per share)**	33		
	(1) Basic		4.45	3.93
	(2) Diluted		4.45	3.93

Significant accounting policies 1

The accompanying notes form an integral part of these 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

Kapil Goenka
Partner
Membership No: 118189

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

Mumbai
4th July 2019

For and on behalf of the Board of Directors of
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

ORIX Auto Infrastructure Services Limited

Statement of Changes in Equity (SOCIE)
(All amounts are in INR Lakhs, except share data and as stated)

Note (a) : Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period Balance	12,79,96,498	12,800	10,54,61,287	10,546
Changes in equity share capital during the year	-	-	2,25,35,211	2,254
Balance at the end of the reporting period	12,79,96,498	12,800	12,79,96,498	12,800

Note (b) : Other equity

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Securities premium	General Reserve	Retained earnings	Statutory Reserves		
Balance at 1 April, 2018	39,985	1,856	8,639	1,922	(273)	52,129
Profit for the year			5,696			5,696
Remeasurements of net defined benefit liability / equity					(316)	(316)
Transfer to Statutory Reserve			(874)	874		-
Balance at 31 March, 2019	39,985	1,856	13,462	2,796	(588)	57,510

Note (b) : Other equity

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Securities premium	General Reserve	Retained earnings	Statutory Reserves		
Balance at 31 March, 2017	26,254	1,856	4,771	1,405	(271)	34,015
Profit for the year			4,395			4,395
Remeasurements of net defined benefit liability / equity					(2)	(2)
Transfer to Statutory Reserve			(518)	518		-
Share Issue Expenses	(16)		(9)			(25)
Increase in Securities premium on account of issue of shares	13,746					13,746
Balance at 31 March, 2018	39,985	1,856	8,639	1,922	(273)	52,129

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

Kapil Goenka
Partner
Membership No: 118189

For and on behalf of the Board of Directors of
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Mumbai
4th July 2019

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Orix Auto Infrastructure Services Ltd.

Cash Flow Statement for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax (including loss from discontinuing operations)	**7,938**	7,080
Adjustments for continued operations :		
Depreciation / amortization	**24,354**	21,669
Provision for employee benefits (net)	**321**	169
(Profit) / Loss on sale of fixed assets	**1,205**	502
Finance costs	**8,049**	7,688
Provision for bad and doubtful debts	**317**	113
Provision for standard assets and non-performing assets	**253**	(303)
Bad debts written off	**316**	-
Sundry balances written off	**1**	68
Sundry balances written back	**(245)**	(232)
Operating profit before working capital changes	**42,509**	36,753
(Increase) / Decrease in inventory and repossessed assets	**(672)**	(6)
(Increase) / Decrease in trade receivable	**4,595**	(9,777)
(Increase) / Decrease in Loan and Advances	**(74,377)**	(83,506)
(Increase) / Decrease in other assets	**(67)**	(7,306)
Increase / (Decrease) in trade payables	**4,253**	7,073
Increase / (Decrease) in other liabilities & provisions	**8,080**	(917)
Net cash from operating activities before taxes	**(15,680)**	(57,687)
Less : taxes paid (net of refund)	**(5,000)**	(4,058)
Cash flows generated from operating activities - A	**(20,680)**	(61,745)
Cash flow from investing activities		
Purchase of fixed assets	**(37,804)**	(49,523)
Proceeds from sale of fixed assets	**11,482**	23,253
Investment in Fixed Deposits	**(5,517)**	(186,043)
Redemption in fixed deposits	**3,523**	186,071
Cash flows used in investing activities - B	**(28,316)**	(26,243)

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Cash flow from financing activities

Proceeds from Long term borrowing	**135,000**	105,002
Repayment of Long term borrowing	**(66,674)**	(38,273)
Proceeds from Short term borrowings	**63,385**	75,418
Repayment of Short term borrowing	**(87,212)**	(61,285)
(Repayment)/ Proceeds from Cash credit / book overdraft	**4,355**	(982)
Proceeds from Loans assigned	**8,941**	-
Proceeds from issue of equity shares	-	15,975
Interest Paid	**(8,049)**	(7,688)
Cash flows generated from financing activities - C	**49,746**	88,167
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	**750**	179
Cash and cash equivalents as at the beginning of the year	**1,213**	1,047
Cash and cash equivalents as at the end of the year (Refer note no.10)	**1,964**	1,226
	750	**179**

The accompanying notes form an integral part of these 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

Kapil Goenka

Kapil Goenka
Partner
Membership No. : 118189

Mumbai
04 July 2019

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For and on behalf of the Board of Directors of
ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

ORIX Auto Infrastructure Services Limited

Notes to the financial statements *(Continued)*
as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

2. Property, Plant & Equipment

Particulars	Buildings under Finance lease	Leasehold improvements	Plant and equipments	Furniture and fixtures	Vehicles	Data processing equipments	Office equipment	Operating lease - vehicles	Total
Gross carrying amount :									
As At April 01, 2018	3,110	745	11	185	15,319	727	345	90,819	111,260
Additions	-	90	1	69	5,419	187	47	32,163	37,976
Transfers	-	-	-	-	(258)	-	-	(1,214)	(1,472)
Disposals	-	-	-	6	1,414	0	1	20,406	21,827
As at March 31, 2019	3,110	835	12	248	19,066	913	390	101,362	125,937
Accumulated Depreciation / amortization and impairment :									
As At April 01, 2018	120	247	6	63	5,193	352	134	22,584	28,700
Additions	60	158	2	48	3,335	221	73	20,314	24,212
Transfers	-	-	-	-	(148)	-	-	(531)	(679)
Disposals	-	-	-	6	852	0	1	9,075	9,933
As at March 31, 2019	180	406	8	105	7,528	574	206	33,293	42,300
Net carrying amount as at March 31, 2019	2,930	429	4	142	11,538	340	184	68,069	83,637

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ORIX Auto Infrastructure Services Limited

Notes to the financial statements *(Continued)*
as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

2. Property, Plant & Equipment (*Continued*)

Particulars	Buildings under Finance lease	Leasehold improvements	Plant and equipments	Furniture and fixtures	Vehicles	Data processing equipments	Office equipment	Operating lease - vehicles	Total
Gross carrying amount :									
As At April 01, 2017	3,110	610	9	132	12,814	510	278	76,080	93,543
Additions	-	134	2	53	3,078	222	69	46,166	49,726
Transfers	-	-	-	-	-	-	-	(65)	(65)
Disposals	-	-	-	1	573	5	3	31,362	31,943
As at March 31, 2018	3,110	745	11	185	15,319	727	345	90,819	111,260
Accumulated Depreciation / amortization and impairment :									
As At April 01, 2017	60	99	4	23	2,270	146	41	12,390	15,034
Additions	60	149	2	39	3,266	209	95	17,733	21,552
Transfers	-	-	-	-	-	-	-	(37)	(37)
Disposals	-	-	-	0	343	3	2	7,502	7,850
As at March 31, 2018	120	247	6	63	5,193	352	134	22,584	28,700
Net carrying amount as at March 31, 2018	2,990	498	5	122	10,126	375	210	68,235	82,560

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ORIX Auto Infrastructure Services Limited

Notes to the financial statements *(Continued)*
as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

3. Intangible Assets

Particulars	Software
Gross carrying amount :	
As At April 01, 2018	746
Additions	83
As at March 31, 2019	829
Accumulated Depreciation / amortization and impairment :	
As At April 01, 2018	200
Additions	142
As at March 31, 2019	341
Net carrying amount as at March 31, 2019	488

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ORIX Auto Infrastructure Services Limited

Notes to the financial statements *(Continued)*
as at 31 March 2019
(All amounts are in INR Lakhs, except share data and as stated)

3. Intangible Assets (*Continued*)

Particulars	Software
Gross carrying amount :	
As At April 01, 2017	554
Additions	192
As at March 31, 2018	746
Accumulated Depreciation / amortization and impairment :	
As At April 01, 2017	84
Additions	116
As at March 31, 2018	200
Net carrying amount as at March 31, 2018	547

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Orix Auto Infrastructure Services Ltd.
Notes forming part of financial statements for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Financial Assets		
Note 4		
Loans		
Capital Advances		
Loan against Hypothecation of vehicle	31,948	36,306
Less: Expected credit loss allowance	(1,077)	(631)
Net Loans against hypothecation of Vehicles	**30,871**	**35,675**
Loan against Property	153,305	94,902
Less: Expected credit loss allowance	(827)	(414)
Net Loans against Property	**152,478**	**94,488**
Finance Leases	26,119	18,467
Less: Expected credit loss allowance	(1,151)	(729)
Net Finance Leases	**24,968**	**17,738**
Total	**208,317**	**147,901**
Note 5		
Other financial assets		
Security Deposits- Premises	248	222
Less: Expected credit loss allowance	(3)	(4)
	245	**218**
Security Deposits- Petrol & Sundry Deposits	292	220
Bank deposits with residual maturity of more than 12 months	8	11
Interest accrued but not due on bank deposit		
Out of pocket expenses recoverable	1,454	-
TOTAL	1,999	449

*The bank deposits have been kept as a security for registration with the VAT authorities of various states.

Particulars	As at 31 March 2019	As at 31 March 2018
Note 6		
Other non current assets		
Balances with Government authorities		
VAT Input Credit & TDS refund	1,699	825
Capital Advances	-	-
Prepaid Expenses	89	188
Retained Interest on Loan Assigned	957	-
TOTAL	2,745	1,013
Note 7		
Non-current tax assets (Net)		
Income tax (including TDS) (net of provision for taxation INR 18,228 ; 2018 INR 11,504)	2,661	2,207
	2,661	2,207
Note 8		
Inventories (Valued @ cost or NRV, whichever is lower)		
Stock in Trade	54	12
Stores and spares	24	21
Retired Vehicles held for sale	696	26
Total	774	59
Note 9		
Trade Receivables		
Unsecured		
Considered Good	15,899	20,932
Considered Doubtful	653	318
	16,552	21,250
Less: Expected credit loss allowance	(653)	(318)
TOTAL	15,899	20,932

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Orix Auto Infrastructure Services Ltd.
Notes forming part of financial statements for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 10		
Cash and bank balances		
(A) Cash & cash equivalents		
Balance with Banks		
On current accounts	1,934	1,184
Cash on hand	30	29
	1,964	1,213
(B) Bank balances other than cash & cash equivalents		
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months	2,170	174
TOTAL	4,134	1,387

*The bank deposits have been kept as a security for registration with the VAT authorities of various states.

Note 11		
Loans		
Finance Lease	17,055	14,879
Loan against hypothecation	24,724	25,583
Loan against property	2,912	4,390
Commercial Vehicle Lease	297	104
Less: Expected credit loss allowance	(17)	(5)
Loans and advances to employees	46	39
Total	45,017	44,990

Note 12		
Other financial assets		
Non-Derivative Asset		
Deposits	426	259
Other Current Financial Assets		
Sundry Deposits		
Retained Interest on Loan Assigned	86	-
Advances to suppliers of goods and services	1,605	1,234
Less: Expected credit loss allowance	(25)	(16)
	1,580	1,217
	2,092	**1,477**

Note 13		
Other current assets		
Capital Advances	706	606
Prepaid Expenses	1,229	992
Advances to suppliers - considered good	1,278	797
Advances to suppliers - considered doubtful	225	225
Less: Allowance for doubtful advances	(225)	(225)
Balance with government authorities		
- VAT Input Credit	20	20
- GST credit receivable	9,490	9,647
- Service Input Credit	7	7
Advance for expenses	57	115
Advances to suppliers of goods and services	1	-
Sales Tax Refund	56	56
Incentive receivable from dealers	113	60
Insurance claim	76	139
Others Receivables	0	47
TOTAL	13,033	12,486

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(All amounts are in INR Lakhs, except share data and as stated)

14 Share capital:

Particulars	As at 31 March 2019 Number	Amount	As at 31 March 2018 Number	Amount
Authorized				
Equity shares of ₹ 10 each	**160,000,000**	**16,000**	160,000,000	16,000
13.5% preference shares of ₹ 10 each	**10,000,000**	**1,000**	10,000,000	1,000
Issued				
Equity shares of ₹ 10 each	**129,461,287**	**12,946**	129,461,287	12,946
Subscribed and fully paid-up				
Equity shares of ₹ 10 each	**127,996,498**	**12,800**	127,996,498	12,800

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2019 Number	Amount	As at 31 March 2018 Number	Amount
Shares outstanding at the beginning of the year	**127,996,498**	**12,800**	**105,461,287**	**10,546**
Shares issued during the year	-	-	**22,535,211**	**2,254**
Shares outstanding at the end of the year	**127,996,498**	**12,800**	**127,996,498**	**12,800**

ii) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

iii) 127,984,998 Equity Shares (P. Y. - 127,984,998) are held by ORIX Corporation, Japan, the holding company and its nominees

iv) Details of shareholders holding more than 5% shares in the Company / shares held by holding / ultimate holding company:

Particulars	As at 31 March 2019 No. of shares held	% of holding	As at 31 March 2018 No. of shares held	% of holding
ORIX Corporation (Japan), the holding company and its nominees	**127,984,998**	**100.00%**	127,984,998	100.00%

Note :

1 No shares have been reserved for issue under options

2 No shares have been alloted pursuant to contract(s) without payment being received in cash

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Orix Auto Infrastructure Services Ltd.
Notes forming part of financial statements for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 15		
Other equity		
Securities premium account	39,985	39,985
General reserve	1,856	1,856
Statutory Reserve	2,796	1,922
Retained Earnings	13,462	8,639
Other Comprehensive Income	(588)	(273)
TOTAL	57,511	52,129

i) Securities premium is used for recording the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

ii) The general reserve comprises of transfer of profit from retained earnings for appropriation purposes. The reserve can be distributed/utilized by the company in accordance with the Companies Act, 2013.

iii) Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Particulars	As at 31 March 2019	As at 31 March 2018
Note 16		
Borrowings		
Secured loan		
Non-Convertible Debentures	20,000	52,000
Unsecured loan		
Term Loan		
- From Banks	111,098	67,109
- Masala Bond	10,000	10,000
- ECB Borrowing from Bank	7,500	7,500
TOTAL	**148,598**	**136,609**

1. The Group borrows from various banks, in the form of term loan up to a period 5 years. As on Mar 31,2018 interest rate range was 8.00% p.a. to 9.50% p.a. (P. Y. interest rate range was 7.30% p.a. to 11.20% p.a.)
2. Term loan from Banks is guaranteed by ORIX Corporation, Japan (Holding Company).
3. The NCDs are secured by way pari-passu charge on the mortgage on identified immovable property of the Company and a specific floating charge over future receivables of the Company with security cover of 1.1x.

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Orix Auto Infrastructure Services Ltd.
Notes forming part of financial statements for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 17		
Other financial liabilities		
Security deposits from lesses	1,221	645
Income received in advance		
Unrealised gain on Loan assigned	957	-
TOTAL	2,178	645
Note 18		
Provisions		
Provision for employee benefits		
Provision for Employees' Retirement Benefits		
Provision for Compensated absences	436	355
Lease Equalisation	0	0
Provision for Gratuity	25	-
TOTAL	461	355
Note 19		
Other non-current liabilities		
Deffered Income-Securities deposit	301	114
Other liabilities	637	630
Lease Equalisation	1	62
TOTAL	939	806
Note 20		
Short term borrowings		
Secured		
Loans repayable on demand from banks		
- Cash Credit and Overdraft facilities From Banks	7,941	10,834
- Term loans	2,800	-
- Working capital Demand Loan	500	-
Unsecured		
Loans repayable on demand from banks		
- Working capital Demand Loan	9,000	22,000
- Overdraft facilities From Banks	8,375	4,432
- Book Overdraft	12,291	1,439
- Term loans	6,500	20,500
Interest accrued but not due on borrowings	2,975	2,916
TOTAL	50,382	62,121

1. The Group's borrowings from various banks, in the form of cash credit / short term loan / working capital demand loan up to a period of 1 year carried interest rate of 7.30% p.a. to 10.65% p.a.
2. Loans are secured by floating charge by way of hypothecation of the following assets as per the drawing power:
i. Unencumbered owned assets
ii. Receivables under operating lease with underlying assets
iii. Receivables from the Group's other business activities

Particulars	As at 31 March 2019	As at 31 March 2018
Note 21		
Trade Payables		
Total outstanding dues of Micro and Small Enterprises (Refer note 34.4)	118	-
Total outstanding dues of Creditors other than Micro and Small Enterprises	15,954	13,240
TOTAL	16,072	13,240
Note 22		
Other financial liabilities		
Current maturities of long term debts-Unsecured	70,231	45,925
Current maturities of long term debts-Unsecured	32,000	-
Other Payables to Employees	1,476	1,311
Unrealised gain on Loan assigned	86	-
Payable in respect of loans assigned	297	-
Advance from customers	2,978	1,907
Security Deposits from Lesses	390	210
TOTAL	107,458	49,353

*Term loan from banks as above is guaranteed by ORIX Corporation, Japan (Ultimate holding Company)

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Orix Auto Infrastructure Services Ltd.
Notes forming part of financial statements for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Note 23		
Short term Provisions		
Provision for employee benefits		
- Provision for Compensated absences	55	33
- Provision for Gratuity	296	140
Other Provisions		
- Others	2	2
TOTAL	**353**	**175**
Note 24		
Current tax liabilities (Net)		
Provision for income tax ((Net of TDS and Advance tax of INR 4,491(P.Y. INR 4,322)	67	338
	67	**338**
Note 25		
Other current liabilities		
Other Payables		
- Statutory remittances (Contributions to PF, withholding taxes, Sales Tax, Service Tax, etc)	480	2,275
- Income Received in Advance	6	5
- Other Payables	471	441
TOTAL	**957**	**2,721**

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Orix Auto Infrastructure Services Ltd.

Notes forming part of Profit and Loss for the Year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Note 26		
Revenue from operations		
Sale of products		
Spares and Consumables	1,858	1,468
Sale of services		
Operating leases on vehicles	30,028	27,090
Car rentals	27,177	25,485
Car Rental - Self Drive	1,986	1,219
Business transport solutions	18,323	18,424
Service Centre Revenue	286	244
Maintenance Revenue	632	494
Interest	29,481	18,611
Other Operating Revenue		
Discount Received From Dealers	99	51
Income on pre termination of lease	274	455
Discount- BTS vendors	307	254
Insurance Commission	264	58
Penal Interest Income	4	0
Origination and Processing Fees	450	171
Termination / Rescheduling charges - HP	250	189
Lease rental on Operating Lease	815	442
Fleet Management Services	172	20
TOTAL	112,406	94,675
Note 27		
Other income		
Interest income on:		
Bank deposits	127	48
Income tax refund	415	386
Loans and advances	34	50
Loans to employees	1	1
Others	65	1
Securities-Lesses	69	69
Security Deposits-Premises	14	12
Other Non-Operating Income		
Bad debts recovered	38	92
Sundry balances written back	245	232
Miscellaneous income	850	862
TOTAL	1,858	1,753
Note 28		
Cost of material consumed		
Spare Parts, Accessories & Used Cars		
Inventory at the beginning of the year	18	20
Add: Purchases	1,645	1,307
Less: Inventory at the end of the year	(19)	(18)
TOTAL	1,644	1,309
Note 29		
Employee benefit expenses		
Salaries and wages	11,203	9,296
Contribution to provident and other funds	754	666
Staff welfare expenses	507	451
TOTAL	12,464	10,413

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Orix Leasing and Financial Services Limited
Notes to the financial statements (continued)
(Currency: Indian Rupees in Lakhs)

Note 29
Employee benefit
The Group contributes to the following post-employment defined benefit plans in India.
(i) Defined Contribution Plans:
The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.
The Group recognised ₹ 186 (previous year ₹ 201) for superannuation contribution and other retirement benefit contributions in the Statement of Profit and Loss.

The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.
The Group recognised ₹ 531 (previous year ₹ 431) for provident fund contributions in the Statement of Profit and Loss.
(ii) Defined Benefit Plan:
A. The Group makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:
i) On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
ii) On death in service:
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	31 March 2019	1 April 2018
	Gratuity Funded	
Defined benefit obligation	1,671	1,302
Fair value of plan assets	1,350	1,191
Net defined benefit (obligation)/assets	321	111
Non-current	25	-
Current	296	111

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	31 March 2019	1 April 2018
	Gratuity Funded	
Defined benefit obligation		
Opening balance	1,302	1,109
Included in profit or loss		
Current service cost	155	147
Past service cost		
Interest cost (income)	105	85
	1,562	1,341
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain)	72	(56)
	163	75
	1,797	1,360
Other		
Contributions paid by the employer	(42)	(9)
Benefits paid	(84)	(49)
Closing balance	1,671	1,302
Fair value of plan asset		
Opening balance	1,191	625
Included in profit or loss	-	-
Interest income	96	48
	1,287	673
Included in OCI		
Return on plan assets excluding interest income	1	16
	1,288	689
Other		
Contributions paid by the employer	188	559
Benefits paid	(126)	(58)
Closing balance	1,350	1,191
Represented by		
Net defined benefit asset	-	29
Net defined benefit liability	321	140
	321	169

C. Plan assets
Plan assets comprise the following :

	31 March 2019	1 April 2018
	Gratuity Funded	
Investment in scheme of insurance	100%	100%

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D. Defined benefit obligations
i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	31 March 2019	1 April 2018
Discount rate	7.54%	8.09%
Expected rate of return on plan assets	7.54%	8.09%
Salary escalation	7.00%	7.00%
Mortality pre retirement	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality post retirement	N A	N A
Employee turnover rate (for different age groups)	21.00% - 2.00%	21.00% - 2.00%

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled

E. Expenses recognized in Statement of Profit & loss	As at 31 March 2019	As at 31 March 2018
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	155	147
Net Interest Cost	9	37
Expenses Recognized	**164**	**184**
F. Expenses recognized in Other Comprehensive Income (OCI)		
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	235	19
Return on Plan Assets, Excluding Interest Income	(1)	(16)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized ir	234	3

G. Other Details

	As at 31 March 2019	As at 31 March 2018
Prescribed contribution for next years (12 months)	349	238

H. Maturity Analysis of Prjected Benefit Obligation : From the Fund

	As at 31 March 2019	As at 31 March 2018
Projected benefits payable in future years from the date of reporting		
1st following Year	103	79
2nd following Year	59	76
3rd following Year	62	53
4th following Year	73	52
5th following Year	166	63
Sum of years 6 to 10	734	619

I. 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

	31-Mar-19		31-Mar-18	
	Increase	Decrease	Increase	Decrease
	Gratuity		Gratuity	
Discount rate (1% movement)	(148)	172	(115)	133
Future salary growth (1% movement)	171	(93)	133	(117)
Employee turnover rate (1% movement)	4	(5)	8	(9)
Mortality post retirement	N A.	N A	N A	N A

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. Other long term employee benefits.

Compensated absences are payable to employees The charge towards compensated absences for the year ended 31 March 2018 based on actuarial valuation using the projected accrued benefit method is ₹ 80 (P Y 31 March 2018 ₹ 59)

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Notes forming part of Profit and Loss for the Year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

Note 30
Finance Cost

Interest expense on financial liabilities at amortised cost	23,536	16,605
Other finance / Borrowing charges	618	437
TOTAL	24,154	17,042

Note 31
Depreciation and amortisation expense

Depreciation on tangible fixed assets	24,212	21,553
Amortization of intangible assets	142	116
TOTAL	**24,354**	**21,669**

Note 32
Other expenses

Contract labour / chauffeurs payment	3,430	3,099
Service station labour charges	132	128
Car hire charges for Car rental	8,162	7,769
Car hire charges for Business Transport Solution	16,186	16,651
Rent	641	619
Electricity	217	187
Travelling and conveyance	726	596
Communication expenses	328	386
Professional and legal fees	810	599
Vehicle running expenses	3,080	2,418
Repairs and maintenance :		
- Plant & Machinery	116	133
- Others	1,444	1,161
Insurance premium	1,634	1,556
Rates and taxes	377	459
Directors' sitting fees	20	20
Brokerage & Commision	718	334
Printing and stationery	82	89
Software maintenance expenses	406	384
Loss on sale of fixed assets (net)	1,205	504
Freight & forwarding charges	22	16
Sundry balances written off	1	49
Bad debts	316	20
Loss Allowance ECL	1,636	698
Loss on foreclsoure of commercial vehicle loans	478	254
Corporate Social Responsibility Expenditure (Refer note (i) below)	106	77
Payment to the auditor (Refer note (ii) below)	112	116
Miscellaneous expenses	1,325	593
TOTAL	**43,710**	**38,915**

Notes :
(i) Corporate Social Responsibility Expenditure (CSR) :
1. Gross amount required to be spent by Company on CSR is ₹ 106 (P. Y. ₹ 77) and the same is spent during the
2. Amount spent during the year on:

Particulars	**Amount Spent**	**Total**
1. Construction/acquisition of any asset	-	-
2. On purposes other than (1) above	106	106
Total	**106**	**106**

(ii) Payment to Auditors:

Statutory Audit	103	109
Other services		
For Certification Work	9	7
Total	**112**	**116**

Note 33
Earnings per equity share

Profit after tax attributable to equity shareholders	(A)	5,697	4,395
Calculation of weighted average number of equity shares			
Number of equity shares at the beginning of the year		127,996,498	105,461,287
Number of equity shares outstanding at the end of the year		127,996,498	127,996,498
Weighted average number of equity shares outstanding during the year (B)		127,996,498	111,697,058
Basic and diluted earnings per share (INR)	(A / B)	**4.45**	**3.93**
Face value per share (INR)		10	10

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Notes to the financial statements (Continued)
for the year ended 31 March 2019
(Currency: Indian Rupees in Lakhs)

34 Notes to accounts

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

Particulars	31 March 2019	31 March 2018
i) Claims against the Group not acknowledged as debts		
Income tax	374	374
Sales tax and Value added tax	4,957	4,935
Service tax	16,336	13,984
Litigation pending against the Group	62	72
Total	**21,729**	**19,365**
ii) Commitments:	**719**	**1,665**

1) The Groups's pending litigations comprise of claims against the Group's primarily by the customers and proceedings pending with Income Tax, Sales Tax and Service Tax authorities The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same

2) The Supreme court of India in its judgement dated 28th February 2019, has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board are to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution The Group has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligation for the past periods As a result, Group has applied the judgement prospectively and has assessed its obligation for March 2019 to be insignificant and hence not accrued this obligation

34.2 Expenditure in foreign currency:

Particulars	31 March 2019	31 March 2018
Foreign travel	5	11
Bank guarantee, Interest & Other Charges	269	182
Professional fees	11	106
Reimbursement of salary	29	42
Interest on ECB	1,534	714
Total	**1,847**	**1,055**

34.3 Foreign currency exposures not hedged by derivative instruments are as follows::

Particulars	31 March 2019		31 March 2018	
	Amount in original currency	Amount in INR	Amount in original currency	Amount in INR
Amount payable for Bank Guarantee fees (USD)	2	113	1	78
Amount payable for Bank Global fees (USD)	0	1	0	1
Amount payable for Reimbursement of Salary (YEN)	117	73	68	42
Amount payable for Reimbursement of Expenses Received (USD)	1	63	-	-

34.4 Details of dues to micro enterprises and small enterprises

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2018

Particulars	31 March 2019	31 March 2018
a) Principal amount due and remaining unpaid to suppliers as at the year end	118	-
b) Interest accrued and due to suppliers on the above amount as at the year end	-	-
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g) Interest accrued and remaining unpaid at the year end	-	-
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

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Notes to the financial statements (Continued)
(Currency: Indian Rupees in Lakhs)

Note 35
A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	**Holding Company** ORIX Corporation (Japan)	Japan	100.00%
2	**Key Management Personnel** Mr. Sandeep Gambhir, Chief Executive Officer Mr. Akihiro Azuma - Whole Time Director - (From 29 June 2016) Mr. Vivek Wadhera, Chief Financial Officer Mr. Jay Gandhi, Company Secretary Mr. Harukazu Yamaguchi, Chairman and Director Mr. Kiyokazu Ishinabe, Director Mr. Ikuo Nakamura, Director Mr. Nagesh Dubey, Independent Director Mr. Abhay Kakkar, Independent Director Mr. Ryohei Suzuki, Additional Director Ms. Meeta Sanghvi, Director		

B. Transactions with key management personnel
i. Key management personnel compensation

Sr. No.	Particulars	Short-term employee benefits	Post-employment benefits	Long-term employee benefits	Sitting Fees
i.	Mr. Sandeep Gambhir, Chief Executive Officer	434 (238)	7 (6)	3 (2)	- (-)
ii.	Mr. Jay Gandhi, Company Secretary	63 (55)	2 (2)	4 (3)	- (-)
iii.	Mr. Vivek Wadhera, Chief Financial Officer	172 (147)	7 (6)	3 (2)	- (-)
iv.	Mr. Ryohei Suzuki, Additional Director	53.90 (-)	1.19 (-)	0.48 (-)	- (-)
v.	Mr. Akihiro Azuma - Whole Time Director - (From 29 June 2016)	66 (157)	2 (2)	1 (1)	- (-)
vi.	Abhay Kakkar	- (-)	- (-)	- (-)	9 (9)
vii.	Nagesh Dubey	- (-)	- (-)	- (-)	9 (8)
viii.	Rajeev Seth	- (-)	- (-)	- (-)	2 (3)

C. Transactions with Related Parties

Sr. No.	Particulars	Holding Company
i.	Reimbursement of Professional fees	185 (119)
ii.	Equity contribution received	- (2,254)
iii.	Securities Premium received	- (13,746)
iv.	Interest & other Expenses	224 (182)
v.	Reimbursement of Extriate allowance	73 (42)

Figures in brackets relate to previous year.

Terms and Conditions of Major/Key Managerial Personnel
1. Related party transactions are at arm's length price
2. ORIX Corporation, Japan charges guarantee fees for the corporate guarantee given by them for borrowings by OAIS.
3. During the previous year, the Company has issued 22,53,5211 equity shares to ORIX Corporation, Japan @ Rs 65 per share (Rs 10 FV)
4. Professional fees receivable from ORIX Corporation, Japan (holding company) as per agreement.
5. Extriate allowance payable to ORIX Corporation, Japan (holding company) as per agreement.

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Notes to the financial statements (Continued)
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Note 36

Operating Lease as Lessor:

The Group is in the business of leasing vehicles. The lease term for these contracts ranges from 2 to 4 years and are fixed and cannot be terminated without consent of both the lessor and lessee. No purchase options are given to the lessees during or at the end of the lease term.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	As at 31 March, 2019	As at 31 March, 2018
Less than one year	27,613	27,495
Between one and five years	33,895	36,005
Total	61,508	63,500

Operating Lease as Lessee:

The Group has entered into operating lease agreements for office premises for the lease term ranging from 2 to 20 years. The agreement may be cancelled at the option of the lessee by giving written notice in advance. The lease term is extendable with mutual consent of both the parties. The escalation clause is present in the lease agreements. The escalation of the payments to lessor in these arrangements are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

i. Future Minimum Lease Payments
Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

	As at 31 March, 2019	As at 31 March, 2018
Less than one year	450	431
Between one and five years	958	981
More than five years	435	370
	1,843	1,782

ii. Amounts recognised in profit or loss

	As at 31 March, 2019	As at 31 March, 2018
Lease expense	775	753
Contingent rent expense	-	-
	775	753

Finance Lease as Lessor
The Group has given vehicles on finance lease. These leases have a primary period, which is fixed and cannot be terminated without consent of both the parties. There are no exceptional / restrictive covenants in the lease agreements. The reconciliation between the total gross investment in the lease at the balance sheet date and the present value of minimum lease payments receivable at the balance sheet are as follows:

	As at 31 March, 2019	As at 31 March, 2018
Minimum lease payment	51,671	36,481
Unearned finance income	(9,766)	(6,644)
Unearned maintenance and insurance income	(122)	(111)
Present value of minimum lease payments	41,783	29,725

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

	As at 31 March, 2019		As at 31 March, 2018	
	Gross investment in lease	Net present value of MLP	Gross investment in lease	Net present value of MLP
Less than one year	20,432	15,376	14,610	11,127
Between one and five years	31,239	26,414	21,871	18,599
More than five years	-	-	-	-
	51,671	41,790	36,481	29,726

All initial direct costs are recognised as expenses in the Profit and Loss account at the inception of the lease.
The following table contains other relevant disclosures for finance leases as lessor:

Finance Lease as Lessee:

The Group has entered into lease agreements for leasehold land and building, the land and building has been classfied as finance lease. The lease term is for 62 years expiring on Mar-2069. The arrangement does not grant an extension option to the Group. Following is the carrying amount of the leasehold buliding:

	As at 31 March, 2019	As at 31 March, 2018
Gross carrying amount	3,103	3,103
Addition	-	-
Net carrying amount	3,103	3,103
Opening Accumulated depreciation	119	59
Depreciation for the period	59	59
Net carrying amount	2,925	2,984

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Notes 37
Segment reporting
(Currency: Indian Rupees in Lakhs)
A. General Information

(a) Factors used to identify the entity's reportable segments, including the basis of organisation
For management purposes, the Group is organised into business units based on its business verticles and has two reportable segments, as follows:
• Segment-1, Lending
• Segment-2, Transport Solutions

The Chief Executive Officer (CEO) been identified as the Chief Operating Decision Maker (CODM) The CEO regularly reviews the performance reports and make decisions about allocation of resources
(b) Following are reportable segments

Reportable segment
• Segment-1, Lending
• Segment-2, Transport Solutions

B. Information about reportable segments

INR

For the year ended March 31, 2019	Reportable segments				
Particulars	Lending	Transport Solutions	Total Segments	Adjustments & Eliminations	Consolidated
Revenue					
External Customers	32,144	82,120	114,264		114,264
Inter-segment	20	467	487	487	-
Total Revenue	32,164	82,587	114,751	487	114,264
Income / (expenses)					
Interest Income	29,761	543	30,304	94	30,210
Interest expense	15,706	7,830	23,536	94	23,442
Depreciation and amortization	683	23,671	24,354		24,354
Income tax expense	1,746	496	2,241		2,241
Material non-cash items other than depreciation and amortisation (specify nature)	1,514	439	1,953		1,953
Segment profit / (loss)	6,081	1,857	7,938		7,938
Segment assets	277,223	164,311	441,534	43,759	397,775
Segment liabilities	277,223	164,311	441,534	43,759	397,775
Other disclosures					
Investment in an associate and a Joint venture	-		-	-	-
Capital expenditure	1,788	36,271	38,059	-	38,059

INR

For the year ended March 31, 2018	Reportable segments				
Particulars	Lending	Transport Solutions	Total Segments	Adjustments & Eliminations	Consolidated
Revenue					
External Customers	20,308	76,120	96,428		96,428
Inter-segment	3	413	417	417	-
Total Revenue	20,311	76,533	96,845	417	96,428
Income / (expenses)					
Interest Income	19,250	475	19,725	3	19,728
Interest expense	9,180	7,425	16,605	20	16,626
Depreciation and amortization	446	21,223	21,669		21,669
Income tax expense or income	1,642	1,043	2,685		2,685
Material non-cash items other than depreciation and amortisation (specify nature)	604	162	766		766
Segment profit / (loss)	4,267	2,813	7,080		7,080
Segment assets	206,489	166,114	372,603	41,311	331,292
Segment liabilities	206,489	166,114	372,603	41,311	331,292
Other disclosures					
Investment in an associate and a Joint venture			-		-
Capital expenditure	1,534	48,192	49,726		49,726

C. Geographic information
The Group operates only in India and it perceives that there is no significant difference in its risks and returns in operating from different geographic areas within

D. Information about major customers

The Group is not reliant on any one client or group of connected clients for generation of revenues

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Notes to the financial statements (continued)
(Currency: Indian Rupees in Lakhs)
Note 38
1. Financial instruments – Fair values and risk management
A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

	Carrying amount	Fair value			
March 31, 2019 INR	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loans					
Loan against Hypothecation of vehicle	55,596	-	54,195	-	54,195
Loan against Property	155,389	-	155,389	-	155,389
Finance Leases	42,303	-	34,116	-	34,116
Security Deposits	514	-	514	-	514
Other Advances	676	-	676	-	676
Other Deposits	22	-	22	-	22
Other financial assets	786	-	786	-	786
Trade receivables	16,838	-	16,838	-	16,838
Cash and cash equivalents	4,134	-	4,134	-	4,134
Loans and advances to employees	46	-	46	-	46
Other Current Financial Assets	1,152	-	1,152	-	1,152
	277,457	-	267,870	-	267,870
Financial liabilities					
Term Loan	187,830	-	181,082	-	181,082
Masala Bond	10,000	-	10,000	-	10,000
ECB Borrowing from Bank	7,500	-	7,500	-	7,500
Non-convertible Debentures	52,000	-	49,401	-	49,401
Term loans (Short Term)	2,800	-	2,800	-	2,800
Security Deposits From Lessees	1,612	-	1,355	-	1,355
Cash Credit	7,941	-	7,941	-	7,941
Overdraft facilities	20,666	-	20,545	-	20,545
Working capital Demand Loan-Secured	500	-	500	-	500
Working capital Demand Loan-Unsecured	9,000	-	9,000	-	9,000
Book Overdraft		-	120		120
Unrealised gain on Loan assigned	1,340	-	1,340	-	1,340
Other Payables to Employees	1,476	-	1,476	-	1,476
Advance from customers	2,978	-	1,435	-	1,435
Trade and other payables	16,072	-	16,072	-	16,072
Interest accrued but not due on borrowings	2,974	-	2,974	-	2,974
	-	-	-	-	-
	324,689	-	313,541	-	313,541

	Carrying amount	Fair value			
March 31, 2018 INR	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loan against Hypothecation of vehicle	61,258	-	60,486	-	60,486
Loan against Property	98,877	-	98,877	-	98,877
Finance Leases	32,717	-	24,704	-	24,704
Security Deposits	433	-	433	-	433
Other Deposits	5	-	5	-	5
Other financial assets	11	-	11	-	11
Trade receivables	21,910	-	21,910	-	21,910
Cash and cash equivalents	1,387	-	1,387	-	1,387
Loans and advances to employees	39	-	39	-	39
Other Current Financial Assets	499	-	499	-	499
	217,136	-	208,352	-	208,352
Financial liabilities					
Term Loan	133,548	-	112,953	-	112,953
Masala Bond	10,000	-	10,000	-	10,000
ECB Borrowing from Bank	7,500	-	7,500	-	7,500
Non-convertible Debentures	52,000	-	49,401	-	49,401
Security Deposits From Lesses	855	-	750	-	750
Cash Credit	10,834	-	10,834	-	10,834
Overdraft facilities	5,635	-	5,635	-	5,635
- Working capital Demand Loan-unsecured	22,000	-	22,000	-	22,000
Book Overdraft	235	-	235	-	235
Other Payables to Employees	1,311	-	1,311	-	1,311
Advance from customers	1,906	-	1,906	-	1,906
Trade and other payables	13,240	-	13,240	-	13,240
Interest accrued but not due on borrowings	2,903	-	2,903	-	2,903
					-
	261,968	-	58,815	-	238,669

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Note 38 (Continued)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative Valuation
The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc and the mark to market gains and losses are recognised in the Statement of profit and loss.

Assumptions
(1) Assets that are not financial assets (such as prepaid expenses, advances to suppliers etc.), are not included.
(2) In this table, the Group has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with their carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in Ind AS 109. This presentation method is optional and a different presentation method may be more appropriate, depending on circumstances.
(3) The fair value of Borrowings carrying a floating rate coupon have not be disclosed as the carrying amount are reasonable approximation of it's fair value.
(4) Investments in subsidiaries is measured at cost in ccordance with Ind AS 27 and hence not included in the table above.

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

a. Fair value of cash and bank balances, prepaid guarantee commission, other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to short term maturities of these instruments.

b. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	**Valuation technique**
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Security Deposits	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Derivative Assets	The valuation model takes into consideration currency spot and forward rates, yeild curve, currency volatality.

C. Financial risk management
The Group has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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.

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(continued)
(Currency: Indian Rupees in Lakhs)
Financial instruments – Fair values and risk management (continued)

ii. Credit risk

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

The maximum exposure to the credit risk at the reporting date is primarily from Operating Lease, Rent-a-car and business transport solutions receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

a. Collaterals held and concentrations of credit risk
The company holds security deposit as collaterals against its credit exposures from Operating Lease.
The Company evaluates the credit risk after considering factors such as colletral value (security deposit) , and the past credit history of customer.

Below table provides the value of collateral held against credit impaired outstanding:

31st March 2019	Maximum exposure to credit risk	Security deposit	Net Exposure
Operating Lease	3,001	65	2,936

b. Amounts arising from ECL
i. Inputs, assumptions and techniques used for estimating impairment on Operating Lease, Rent-a-car and business transport solutions receivables

Assumption and Estimation techniques considered in the ECL model:
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The ECL has been computed on trade receivables in accordance with simplified approach based on days past due buckets of respective portfolios. The days past due has been adjusted to give effect to following:
1. the time lag between the raising of invoices and handing it over to the customer
2. the credit period mentioned in respective invoice
- The probability of default is based on the historical trends of impairment of trade receivables. The historical treands have been adjusted with macro econominc factors to make it forward looking.
- Loss given default is based on the recovery pattern for the default clients.

Forward looking information:
The below table shows the values of forward looking macro economic variable used in each of the scenarios for the ECL calculation. For this purpose the Company has used the data source of Economist Intelligence Unit. GDP has been used as a macro economic factor to calculate the forward looking probablities of default. The upside and downside % change has been derived using historical standard deviation from the base scenario.

ECL Scenario	Probability assigned	2019 %
Best Case	21.20%	7.70
Base Case	68.20%	6.90
Worst Case	10.60%	6.10

Assessment of significant increase in credit risk:
As the simplified approach has been followed, there would not be any assessment of significant increase in credit risk.

Definition of default
A default on a financial asset is when the counterparty fails to make the contractual payments within 180 days of raising the invoice for rent a car and business transport solutions portfolios. For operating lease receivables portfolio, the same would be within 120 days from the due date of the rental. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors.

Policy for write-off of receivables
No write offs have been done by the management during the periods for consideration.

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ii Exposure at default and Loss allowance

Exposure at default

31st March 2019	OL	RAC	BTS	Others	Total
0 DPD	-	5,588	5,680	422	11,690
1-60 DPD	2,349	624	478	87	3,538
61-90 DPD	389	57	192	10	648
90+ DPD	198	310	146	83	736
Total	**2,936**	**6,578**	**6,496**	**602**	**16,612**
Loss Allowance	**349**	**149**	**84**	**73**	**656**

31st March 2018	OL	RAC	BTS	Others	Total
0 DPD	-	5,694	5,817	-	11,511
1-60 DPD	4,326	875	919	357	6,476
61-90 DPD	2,225	171	244	10	2,651
90+ DPD	305	344	138	82	870
Total	**6,857**	**7,083**	**7,118**	**450**	**21,507**
Loss Allowance	**37**	**157**	**62**	**83**	**339**

Loss allowance

The movement in the allowance for impairment in respect of trade and other receivable during the year was as follows:

Operating Lease	As at 31-03-2019	As at 31-03-2018
Balance as the beginning of the year	37	5
Impairment loss recognised (net)	312	32
Balance as at the year end	349	37

RAC	As at 31-03-2019	As at 31-03-2018
Balance as the beginning of the year	157	114
Impairment loss recognised (net)	-7	42
Balance as at the year end	149	157

BTS	As at 31-03-2019	As at 31-03-2018
Balance as the beginning of the year	62	29
Impairment loss recognised (net)	22	33
Balance as at the year end	84	62

Others	As at 31-03-2019	As at 31-03-2018
Balance as the beginning of the year	83	77
Impairment loss recognised (net)	-9	5
Balance as at the year end	73	83

Total Loss allowance	**656**	**339**

There is no material concentration of loss allowance at any particular geographic area

Financial instruments – Fair values and risk management (continued)

ii. Credit risk

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

The maximum exposure to the credit risk at the reporting date is primarily from loans against hypothecation of vehicle, loans against property and finance leases as mentioned below.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

a. Collaterals held and concentrations of credit risk
The company holds respective collaterals against its applicable credit exposures.
1) Hypothecation of underlying vehicles in case of loan for CV
2) Mortgage of property/premises in case of loan against properties
3) Security Deposit in case of finance lease.

The Company evaluates the credit risk after considering factors such as loan to value, collateral value, the limit on lending to a single borrower and the past credit history of borrowers.

Below table provides the value of collateral held against credit impaired outstanding:

31st March 2019	Maximum exposure to credit risk	Security deposit	Net Exposure
Finance Lease	43,831	1,721	42,110

b. Amounts arising from ECL
i. Inputs, assumptions and techniques used for estimating impairment on Loans against hypothecation of vehicles, Loans against property and Finance Lease receivables

Inputs considered in the ECL model:
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and including forward looking information.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The company categorises Commercial Vehicle Loan and Loan against property assets into stages based on the days past due status.
- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

The company categorises Finance Lease into stages based on the days past due status.
- Stage 1: 0-60 days past due
- Stage 2: 60-120 days past due
- Stage 3: More than 120 days past due

Assumption considered in the ECL model:
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

Estimation techniques:
The following risk parameters have been assessed to evaluate the ECL :
- The probability of default is assessed based on the flow of receivables flowing through successive DPD bucket based on past portfolio performance.
- Loss given default is assessed based on factors such as past recoveries, applicable regulatory guidance etc.
- For assets which are in Stage 1, a 12 month ECL is assessed. For Stage 2 and stage 3 assets a lifetime ECL is assessed

Forward looking information:
The below table shows the values of forward looking macro economic variable used in each of the scenarios for the ECL calculation. For this purpose the Company has used the data source of Economist Intelligence Unit. GDP has been used as a macro economic factor to calculate the forward looking probablities of default. The upside downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variables.

ECL Scenario	Best Case	Base Case	Worst Case
Probability assigned	21.20%	68.20%	10.60%
2019 (%)	7.70	6.90	6.10
2020 (%)	7.90	7.10	6.30
2021 (%)	8.10	7.30	6.50
2022 (%)	8.10	7.30	6.50
2023 (%)	7.90	7.10	6.30
2024 (%)	8.59	7.79	6.99
2025 (%)	8.45	7.66	6.86
Subsequent years (%)	8.26	7.46	6.66

Assessment of significant increase in credit risk:
The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due and/ or management assessment of credit deterioration for Commercial Vehicle Loan and Loan against Property. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been 30 days past due.
For Finance Lease , when contractual payments are more than 60 days past due and/ or management assessment of credit deterioration , it shall be classified as Stage 2.

Definition of default
A default on a Commercial vehicle loan and loan against property is when the counterparty fails to make the contractual payments within 90 days of when they fall due and for finance lease when the counterparty fails to make the contractual payments within 120 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors.

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Policy for write-off of loan assets

No write offs have been done by the management during the periods for consideration

ii Exposure at default and Loss allowance

The following table shows the exposure at default and loss allowance for the same

Loan against Property	2019		2018	
	EAD	ECL	EAD	ECL
Stage 1	147,230	21	95,426	20
Stage 2	4,341	228	2,163	113
Stage 3	4,143	578	1,377	280
Total	**155,715**	**828**	**98,966**	**414**

Loan against Hypothecation of vehicle	2019		2018	
	EAD	ECL	EAD	ECL
Stage 1	48,551	128	56,630	82
Stage 2	3,872	114	2,080	66
Stage 3	3,092	835	1,178	483
Total	**55,515**	**1,077**	**59,888**	**631**

Finance Leases	2019		2018	
	EAD	ECL	EAD	ECL
Stage 1	38,118	745	22,455	349
Stage 2	3,410	265	8,747	305
Stage 3	582	140	2,540	75
Total	**42,110**	**1,151**	**33,742**	**729**

CV lease and other advances	31st March 2019	31st March 2018
0 DPD		
1-60 DPD	180	49
61-90 DPD	16	7
90+ DPD	101	49
Total	**297**	**104**
Loss Allowance	**43**	**5**

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Hypothecation of Vehicles				
Balance as at April 1, 2017	88	59	466	613
Transfer to 12 month ECL	2	-2	0	-0
Transfer to Lifetime ECL not credit impaired	-5	5	0	-0
Transfer to Lifetime ECL credit impaired	-1	-4	5	0
Net remeasurement of loss allowance	-35	6	51	22
New financial assets originated or purchased	48	25	114	186
Financial assets that have been derecognied	-15	-22	-153	-189
Write – offs				0
Balance as at March 31, 2018	82	66	483	631
Transfer to 12 month ECL	0	0	0	0
Transfer to Lifetime ECL not credit impaired	-8	8	0	-0
Transfer to Lifetime ECL credit impaired	-4	-27	30	0
Net remeasurement of loss allowance	30	70	384	484
New financial assets originated or purchased	38	20	34	92
Financial assets that have been derecognied	-11	-23	-96	-130
Write – offs				0
Balance as at March 31, 2019	**128**	**114**	**835**	**1,077**

Write Offs - Loan against Hypothecation of Vehicles

	2018-19	2017-18
Amount of Loans written off during the period but still recoverable	0	0

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Property				
Balance as at April 1, 2017	2	19	36	56
Transfer to 12 month ECL	0	0	0	0
Transfer to Lifetime ECL not credit impaired	0	0	0	0
Transfer to Lifetime ECL credit impaired	0	-7	7	0
Net remeasurement of loss allowance	4	63	196	262
New financial assets originated or purchased	15	40	41	97
Financial assets that have been derecognied	0	-1	0	-2
Write – offs				0
Balance as at March 31, 2018	20	113	280	414
Transfer to 12 month ECL	0	0	0	0
Transfer to Lifetime ECL not credit impaired	-1	1	0	0
Transfer to Lifetime ECL credit impaired	0	-40	40	0
Net remeasurement of loss allowance	-7	150	263	406
New financial assets originated or purchased	12	25	0	37
Financial assets that have been derecognied	-3	-20	-5	-29
Write – offs				0
Balance as at March 31, 2018	**21**	**228**	**578**	**828**

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Write Offs - Loan against Property

	2018-19	2017-18
Amount of Loans written off during the period but still recoverable	0	0

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Finance Lease Receivables				
Balance as at April 1, 2017	17	0	370	387
Transfer to 12 month ECL	30	0	-30	0
Transfer to Lifetime ECL not credit impaired	0	0	0	0
Transfer to Lifetime ECL credit impaired	0	0	0	0
Net remeasurement of loss allowance	201	204	-303	102
New financial assets originated or purchased	102	100	47	249
Financial assets that have been derecognied	0	0	-9	-9
Write – offs				0
Balance as at March 31, 2018	349	305	75	729
Transfer to 12 month ECL	216	-210	-6	0
Transfer to Lifetime ECL not credit impaired	-3	3	0	0
Transfer to Lifetime ECL credit impaired	-2	-6	7	0
Net remeasurement of loss allowance	-19	50	46	77
New financial assets originated or purchased	277	125	65	467
Financial assets that have been derecognied	-73	-2	-46	-122
Write – offs				0
Balance as at March 31, 2019	**745**	**265**	**140**	**1,151**

Write Offs - Finance Lease Receivables

	2018-19	2017-18
Amount of Loans written off during the period but still recoverable	0	0

Security Deposits, CV lease and other advances	**2018-19**	**2017-18**
Opening balance	5	138
Net impairment loss recognised	38	3
Balance written back		136
Closing balance	43	5

There is no material concentration of loss allowance at any particular geographic area

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Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is, 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 Group's reputation.

Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

March 31, 2019		Contractual cash flows					
INR actuals	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Non-convertible Debentures	52,000	57,749	25,404	10,795	21,550	-	-
Term Loans from Banks	182,307	201,157	46,237	36,668	63,847	54,405	-
Masala Bond	10,000	12,117	385	385	770	10,577	-
ECB Borrowing from Bank	7,500	8,870	288	288	3,335	4,958	-
Short Term loans	2,800	2,819	2,819	-	-	-	-
Security deposits	1,612	1,999	220	274	372	1,133	-
Cash Credits Facilities	7,941	8,465	4,771	3,694	-	-	-
Other Short-term loans	6,500	6,761	6,761	-	-	-	-
Overdraft facilities	20,545	20,954	18,360	2,595	-	-	-
Other Payables to Employees	498	498	498	-	-	-	-
Term loans from others	1,543	1,543	1,543	-	-	-	-
- WORKING capital Demand Loan-Secured	500	500	500	-	-	-	-
Working capital loans from banks	9,000	9,000	9,000	-	-	-	-
Book Overdraft	120	120	120	-	-	-	-
Advance from customers	1,435	1,435	1,435	-	-	-	-
Trade and other payables	16,067	16,067	16,067	-	-	-	-
Interest accrued but not due on borrowings	2,975	2,975	2,771	205	-	-	-
Unrealised gain on Loan assigned	1,340	1,340	1,340	-	-	-	-
Total	**324,683**	**354,369**	**138,519**	**54,903**	**89,874**	**71,074**	-

March 31, 2018		Contractual cash flows					
INR	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Non-convertible Debentures	52,000	57,733	-	-	36,187	21,546	-
Term Loans from Banks	114,066	147,948	29,429	24,187	41,213	53,119	-
Masala Bond	10,000	12,110	-	-	767	11,343	-
ECB Borrowing from Bank	7,500	8,875	-	-	622	8,253	-
Security deposits	855	1,037	94	179	233	532	-
Cash Credits Facilities	10,834	10,830	10,830	-	-	-	-
Other Short-term loans	20,500	20,625	20,625	-	-	-	-
Overdraft facilities	5,635	5,644	5,644	-	-	-	-
Other Payables to Employees	280	280	280	-	-	-	-
Term loans from others	978	978	978	-	-	-	-
Working capital loans from banks	22,000	22,000	22,000	-	-	-	-
Book Overdraft	235	235	235	-	-	-	-
Advance from customers	928	928	928	-	-	-	-
Trade and other payables	13,240	13,240	13,240	-	-	-	-
Interest accrued but not due on borrowings	2,916	2,916	2,916	-	-	-	-
Total	**261,968**	**305,379**	**107,198**	**24,366**	**79,023**	**94,792**	-

iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily to the Group's borrowings with floating interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

		INR	
Borrowings		**March 31, 2019**	**March 31, 2018**
Fixed rate borrowings			
Non-Convertible Debentures		52,000	52,000
Term Loan from Banks		37,955	32,178
Security Deposits		1,612	855
	Total	**91,567**	**85,034**
Variable rate borrowings			
Term Loan from Banks		170,174	118,856
Interest accrued but not due on borrowings		2,975	2,916.38
Cash Credit and Overdraft facilities From Banks		28,607	16,705
Working capital Demand Loan		9,500	22,000
Unrealised gain on Loan assigned		957	-
	Total	**212,213**	**160,477**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

	Profit or (loss)	
INR Lakhs	**100 bp increase**	**100 bp decrease**
31-Mar-19		
Variable-rate instruments	(2,122)	2,122
Cash flow sensitivity (net)	(2,122)	2,122
31-Mar-18		
Variable-rate instruments	(1,605)	1,605
Cash flow sensitivity (net)	(1,605)	1,605

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. The sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

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Financial instruments – Fair values and risk management (continued)

v. Market risk
Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Currency risk

The Company has its revenues and other transactions in its functional currency i.e. INR except immaterial expenditure in foreign currency. Accordingly, the Group has no material exposure to currency risk as on 31st March, 2019

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Note 39
Capital Management

The Group's objectives when managing capital are to (a) maximise shareholders value and provide benefit to the stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.
The Group monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity.

	As at March 31, 2019	INR As at March 31, 2018
Non-Current Borrowings	148,598	136,609
Current Borrowings	50,382	62,121
Current maturity of long term debt	102,231	45,925
Gross Debt	**301,211**	**244,656**
Less - Cash and Cash Equivalents	(4,134)	(1,387)
Less - Other Bank Deposits		
Adjusted Net debt	**297,077**	**243,269**
Total equity	**70,311**	**64,929**
Adjusted Net debt to equity ratio	4.23	3.75

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Note 40

Repayment schedule of long term borrowing :
Loan as on 31 March 2019 are repayble as stated blow

	1-2 years	2-3 years	3-5 years	Total
Floating				
Monthly	29,100	21,767	9,754	60,621
Quarterly	12,750	6,979	15,938	35,667
Yearly	3,333	-	-	3,333
Bullet Payment	-	10,000	-	10,000
Fixed				
Monthly	3,250	2,000	1,167	6,417
Quarterly	3,000	2,500	-	5,500
Bullet Payment	27,000	-	-	27,000
Total	**78,433**	**43,246**	**26,858**	**148,537**

Loan as on 31 March 2018 are repayble as stated blow

	1-2 years	2-3 years	3-5 years	Total
Floating				
Monthly	13,354	6,875	1,000	21,229
Quarterly	13,143	3,583	-	16,726
Yearly	3,333	3,333	-	6,667
Bullet Payment	-	-	10,000	10,000
Fixed				
Monthly	5,413	6,063	7,854	19,330
Quarterly	625.00	-	-	625
Haft Yearly				-
Yearly				-
Bullet Payment	32,000	20,000	10,000	62,000
Total	**67,868**	**39,854**	**28,854**	**136,576**

Note : Processing fees of ₹ -97 (P. Y. ₹ -73) and Interest payable on term loan of ₹ 158 (P. Y. ₹ 106) not included in above table.

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Note 41

Tax expense

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2019 INR	For the year ended March 31, 2018 INR
Current tax		
Current period (a)	4,210	5,021
Changes in estimate related to prior years (b)	63	81
Deferred income tax liability / (asset), net		
Increase in deferred tax assets (c)	(2,032)	(2,418)
Tax expense for the year (a)+(b)+(c)	**2,241**	**2,685**

(b) Amounts recognised in other comprehensive income

	Tax (expense) benefit INR	Tax (expense) benefit INR
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	82	(1)
	82	**(1)**

(c) Reconciliation of effective tax rate

	For the year ended March 31, 2019 INR	For the year ended March 31, 2018 INR
Profit before tax	**7,938**	**7,080**
Tax using the Company's domestic tax rate	2,423	2,450
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in Tax Rate	(95)	0
Corporate Social Responsibility Expenditure	17	13
Rectification of error in Fixed Assets	-	(9)
Rectification of error in Bonus	(31)	(4)
Permanent difference GST/ Sales Tax Penality, Interest on TDS	(5)	5
Permanent Difference for Stamp duty- Increase in authorised Share Capital	-	36
Permanent Difference for WDV difference	-	104
Bad debts written off	24	-
Interest on SA Tax paid	5	-
Difference due to tax audit adjustment	(59)	-
Others	(100)	7
Actuarial Gains and Losses posted through OCI	82	(1)
Current tax expenses relating to prior years	63	81
	2,323	**2,684**

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ORIX Auto Infrastructure Services Limited
Notes to the financial statements (continued)
(All amounts are in INR Lakhs, except share data and as stated)
Note 41

(c) Movement in deferred tax balances

	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	31-Mar-19 Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Lease rentals and depreciation	12,479	1 380	-	13,859	13 859	-
Provisions	635	337	-	972	972	-
Expected Credit Losses	150	187	-	337	337	-
Maintenance linked Reserves (MLL)	257	26	-	283	283	-
Provision for Leave Encashment & Gratuity	33	31	-	64	64	-
Disallowance of preliminary expenses	-	9		9	9	-
Ind AS Adjustments						
Lease rental Straightlining	21	(20)	-	1	1	-
Effective interest rate on Borrowings	(0)	22	-	22	22	-
Employee benefits P&L	(144)	82	-	(63)	-	(63)
Employee benefits OCI	144	-	(82)	63	63	-
Discounting of security deposits paid for premises	2	(24)	-	(22)	-	(22)
Inventory Revaluation for retired vehicles	1	-	-	1	1	-
Discounting of security deposits received from lessees	(6)	(1)	-	(6)	-	(6)
Effective interest rate on Loans and Advances	(6)	3	-	(3)	-	(3)
Tax assets (Liabilities)	13,566	2,032	(82)	15,516	15,610	(94)
Set off tax						
Net tax assets	13,566	2,032	(82)	15,516	15,610	(94)

(d) Movement in deferred tax balances

	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	March 31, 2018 Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Lease rentals and depreciation	9,949	2,530	-	12,479	12 479	-
Provisions	542	93	-	635	635	-
Expected Credit Losses	208	(59)	-	150	150	-
Maintenance linked Reserves (MLL)	262	(5)	-	257	257	-
Provision for Leave Encashment & Gratuity	51	(18)	-	33	33	-
Ind AS Adjustments				-	-	-
Lease rental Straightlining	25	(4)	-	21	21	-
Effective interest rate on Borrowings	(1)	1	-	(0)	-	(0)
Employee benefits P&L	(143)	(1)	-	(144)	-	(144)
Employee benefits OCI	143	-	1	144	144	-
Depreciation Adjustment	(2)	2	-	-	-	-
Discounting of security deposits paid for premises	2	0	-	2	2	-
Inventory Revaluation for retired vehicles		1	-	1	1	-
Discounting of security deposits received from lessees	(3)	(3)	-	(6)	-	(6)
Effective interest rate on Loans and Advances	(11)	5	-	(6)	-	(6)
Deferred tax adjustment for transfer of revaluation reserve to general reserve for depreciation	124	(124)	-	-	-	-
Tax assets (Liabilities)	11,148	2,418	1	13,566	13,722	(156)
Set off tax						
Net tax assets	11,148	2,418	1	13,566	13,722	(156)

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered

The applicable Indian corporate statutory tax rate for the year ended March 31, 2019 and March 31, 2018 is 34 94% and 34 61% respectively The increase in the corporate statutory tax rate to 34 94% is consequent to changes made in the Finance Act, 2018

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Notes to the financial statements (continued)
(All amounts are in INR Lakhs, except share data and as stated)
Note 42

Change in liabilities arising from financing activities

Particulars	01 April 2018	Cash Flows	Changes in fair value	Exchange difference	Others	31 March 2019
Long term borrowing	1,13,034	68,380	-	-	(53)	1,81,360
Short term borrowing	46,158	(23,700)	-	-	(12)	22,446
Cash credit	15,267	4,355	-	-	-	19,621
Book overdraft	1,438	(115)	-	-	-	1,323
ECB Borrowing	7,500	-	-	-	-	7,500
Non Convertible Debenture	52,000	-	-	-	-	52,000
Masala Bond	10,000	-	-	-	-	10,000
Loans assigned	-	-	-	-	8,941	8,941
Total	**2,45,397**	**48,919**	**-**	**-**	**8,876**	**3,03,191**

Particulars	01 April 2017	Cash Flows	Changes in fair value	Exchange difference	Others	31 March 2018
Long term borrowing	93,812	19,285	-	-	(56)	1,13,040
Short term borrowing	28,717	19,000	-	-	14	47,730
Cash credit	7,647	(982)	-	-	-	6,665
Book overdraft	8,008	(1,420)	-	-	-	6,589
ECB Borrowing	3,461	4,039	-	-	-	7,500
Non Convertible Debenture	22,000	30,000	-	-	-	52,000
Masala Bond	-	10,000	-	-	-	10,000
Proceeds from issue of equity shares including share premium	36,800	15,984	-	-	(9)	52,775
Total	**2,00,445**	**95,906**	**-**	**-**	**(51)**	**2,96,300**

Other column includes the effect of accured but not paid interest on borrowing, amortisation of processing fees etc.

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

Kapil Goenka
Partner
Kapil Goenka

For and on behalf of the Board of Directors of ORIX Auto Infrastructure Services Limited
CIN : U63032MH1995PLC086014

Sandeep Gambhir
Managing Director & CEO
(DIN - 00083116)

Ryohei Suzuki
Director
(DIN - 08218888)

Vivek Wadhera
CFO

Jay Gandhi
Company Secretary

Mumbai
4th July 2019

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5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India.
Chartered Accountants