



ANNUAL REPORT 2017-18



AEON CREDIT SERVICE INDIA PVT. LTD.



एअॉन क्रेडिट सर्विस इंडिया प्राइवेट लिमिटेड
AEON CREDIT SERVICE INDIA PVT. LTD.



AEON FINANCIAL SERVICE GROUP NETWORK

“SUPPORT CUSTOMERS LIFESTYLE AND ENABLE EACH INDIVIDUAL TO
MAXIMISE FUTURE OPPORTUNITIES THROUGH EFFECTIVE USE OF CREDIT”

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CORPORATE VISION

FACTORS THAT GUIDE OUR ACTIONS AND DECISION WHICH HELPS US ATTAIN EXCELLENCE ON ALL FRONTS.

VISION

To emerge as the best retail financial partner of Indian customers and to lead consumer financial service industry in India by embracing latest technology with innovative approach, seamless speedy safe and fun financial transactions with every customers so as to enrich each stage of customers' life with excellent financial service.

AEON BASIC PRINCIPLES AND CODE OF CONDUCT

AEON Basic Principles

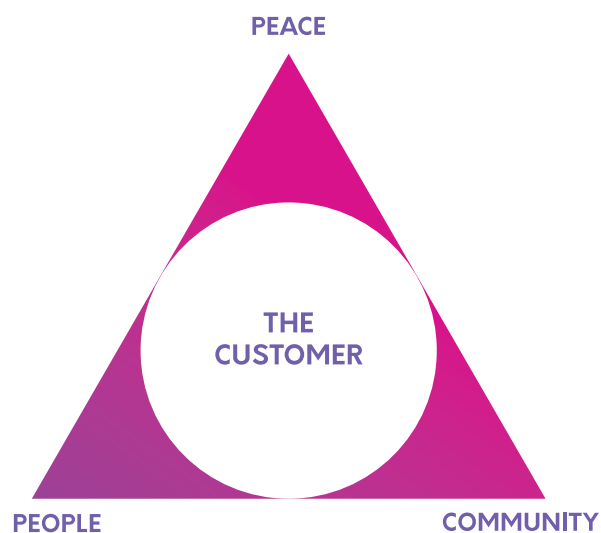
PEACE: AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

PEOPLE: AEON is a corporate group that respects human dignity and values personal relationships.

COMMUNITY: AEON is a corporate group rooted in local community life and dedicated to making contributions to the community.

AEON Code of Conduct

1. AEON people are always grateful to the many other individuals who provide support and help, never forgetting to act with humanity.
2. AEON people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. AEON people actively seek out ways to exceed customer expectations.
4. AEON people continually challenge themselves to find new ways to accomplish the AEON ideals.
5. AEON people support local community growth, acting as good corporate citizens in serving society.



CORPORATE BACKGROUND

The company was incorporated as a private limited company on 9 March 2011 under Corporate Identity Number (CIN) U74120MH2011FTC214516 issued by Ministry of Corporate Affairs. On 4th February, 2013 the company obtained its license as Non-Banking Financial Company in non-deposit taking category (NBFC-ND). As an NBFC-ND, the company was first to offer unsecured Instalment Finance Service in mobile phone sector along with other consumer durables.

Initially, the company was established as a joint venture company with joint capital investment by AEON Financial Service Co., Ltd. Japan (AFS), Edelweiss Financial Services Ltd. India (EFSL) and AEON Credit Service (M) Berhad, Malaysia (ACSM). Later on due to liberalised FDI policy, AFS acquired shareholdings of EFSL to become company's ultimate holding company. The present shareholding structure of the company is 92.72% held by AFS and 7.28% held by ACSM.

On 5th April, 2017, the company launched E-bike finance with an objective to contribute to clean and green environment. Further, on 16th October, 2017, the company launched its Two-Wheeler financing business as part of product diversification. Now the company has two more products i.e. Personal Loan and Used Car Finance in its pipe lines to be commenced shortly.



CORPORATE HISTORY



2013

February:

- Acquisition of License as Non-Banking Financial Company.
- Offer unsecured Instalment Finance Service in Electronic Product and Mobile

March:

- Started Finance for Personal Computer Product

August:

- Reached to tie up with 500 merchants



2015

May:

- Capital Injection of 500 Million INR



2016

January:

- Started Finance for Furniture Product

August:

- Issued Member Card



2017

April:

- Started Finance for Electric Bikes

October:

- Started Finance for Two-Wheeler



2018

January:

- Capital Injection of 1,590 Million INR

Feb:

- Relocation of Headquarter

MESSAGE FROM MANAGEMENT

Mr. Daisuke Maeda
Managing Director

“

By transformation into a Fintech Company through Digitalisation, we will continuously provide innovative retail financial services to Indian customers to meet the demand of

‘FASTER, SIMPLER and MORE CONVENIENT’

Maintaining trust is more important than ever in today's global business environment. We, AEON Credit Service India Private Limited as AEON Group Company are standing on basic principle: "Pursuing peace, respecting humanity, and contributing to local communities, always with customers point of view as its core". Our management philosophy is to "Support customer's lifestyle and enable each individual to maximize future opportunity through effective use of credit. We would like to keep on providing various retail financial services and serve to Indian community.

AEON has numerous policies and systems in place to ensure that our business practices and operations are consistently effective, responsive and highly principled. We are committed to achieve this through integrity and sound corporate governance.

We continuously strive to maximize the value we bring to our Customers, Business Partners and other Stakeholders. Openness creates opportunities for dialog with our Customers, Business Partners, Stakeholders and Employees. We maintain corporate transparency and

conduct ethical business practices. This would enable awareness of emerging problems and fast resolution turnaround, hence greater efficiency.

During the year under review, total sales of the Company was drastically reduced due to high interest rate and setting up of stricter credit criterion to have control over spiralling bad debts resulting thereby very low revenue recorded in the financials. Due to very low business performance, financial position of the Company got worsen, which put the company in distress to maintain the minimum net worth and other financial ratios as per the regulatory requirement.

In view of this, company's holding company, AEON Financial Service Co., Ltd. Japan (AFS) had come up with a revival plan for business sustenance in India. As per the plan, AFS could inject INR 1.59 billion in the capital of the Company in the beginning of fourth quarter after exit of Edelweiss Financial Service from Joint Venture Agreement. However, after the new management assumed the office, the sales volume had picked up in the beginning of third quarter post revision of various credit and other business criterion. Simultaneously, one new product namely Two-Wheeler

Finance kick started to compensate the business shortfall. Further, we could successfully shift our corporate office to a better place with all the modern amenities in order to provide much better working environment than the existing one.

We hereby wish to thank our shareholders for their continuous support and confidence on our company performance. In line with AEON Group strategy and positive market scenario, the company plans to focus its business expansion in Mumbai targeting on new to credit customers segments at bottom of the pyramid.

I wish to thank our customers, business partners, merchants and shareholders for your continued support to the company. I would also like to express my sincere appreciation to the Board of Directors, management team and staff of the company for their precious contribution, efforts and commitment towards improvement of business operations and performance of the Company. We are certainly looking forward for a better year ahead to continue serve our customers.

BOARD OF DIRECTORS



Mr. Daisuke Maeda
Managing Director



Mr. Masaki Watanabe
Executive Director
(IT & Operations)



Mr. Tomo Sato
Executive Director
(Corporate Management)



Mr. Sanjaya Kumar Dash
Executive Director
(Corporate Governance,
Customer Service)

2017 – Present
Managing Director
AEON Credit Service India Pvt. Ltd.

2011 – 2017
Vice-Chairman of the Board &
Managing Director,
AEON Specialized Bank (Cambodia)

2010 – 2017
Chief Representative of Cambodia
Representative office,
ACS Capital Corporation Limited.

2008 – 2010
Senior Vice President/ Head of
Marketing Dept.
AEON Thana Sinsap (Thailand) Plc

2014 – Present
Whole Time Director
AEON Credit Service India Pvt. Ltd.

2012 – 2014
Assistant General Manager
AEON Credit Service (M)
Berhad (Malaysia)

2007 – 2012
Senior Vice President
AEON Thana Sinsap (Thailand) Plc

2004 – 2007
Manager at PT.
AEON Credit Service Indonesia
Co., Ltd (Indonesia)

2002 – 2004
Officer
AEON Credit Service Co., Ltd,
(Japan)

2017 – Present
Whole Time Director
AEON Credit Service India Pvt. Ltd.

2016 – 2017
Director/ Head of Corporate
Management Division PT
AEON Credit Service, Indonesia

2013 – 2016
Manager/ Control Dept,
AEON Financial Service Co., Ltd.,
Japan

2002 – 2005
Accountant & Secretarial
Executive
Atithi Voyages Pvt. Ltd., Delhi.

2014 – Present
Executive Director & Company
Secretary,
AEON Credit Service India Pvt. Ltd.

2008 – 2014
Company Secretary & AVP
Legal & Compliance,
ASREC (India) Ltd., Mumbai.

2005 – 2008
Company Secretary & Compliance
Officer,
Cosmo Ferrites Ltd., Delhi.



Mr. Kenji Fujita
Non-Executive Director



Mr Shigeto Nasu
Non-Executive Director



Mr. Kumar Rajagopalan
Independent Director



Mr. Jangam Rajendra
Prasad Ratnarao
Independent Director

2014 – Present
Managing Director
AEON Credit Service (M) Bhd.,
Malaysia

2013 – 2014
Executive Director
AEON Credit Service (M) Bhd.,
Malaysia

2012 – 2013
Executive Director
AEON CREDIT HOLDINGS
(HONG KONG) CO., LTD.

March 2012 – June 2012
General Manager
Asian Business Division
AEON Financial Service Co., Ltd.,
Japan

2011 – 2012
Served in Executive Office,
AEON CO., LTD. JAPAN

2009 – 2010
Executive Director
Administration and Finance,
AEON STORES (HONG KONG)
CO., LTD.

2007 – 2009
General Manager in
Administration
AEON STORES (HONG KONG)
CO., LTD.

2005 – 2007
Served in Human Resource
Development Division
AEON CO., LTD., JAPAN.

2017 – Present
Deputy Head of Corporate
Management Division
AEON Financial Service Co., Ltd.,
Japan

2014 – 2017
General Manager, Control Dept.
AEON Financial Service Co., Ltd.,
and Chairman of Board of
Management, AEON Trading
Vietnam Co., Ltd.

2012 – 2013
General Manager, Control Dept.
AEON Credit Service Co., Ltd.

2010 – 2011
Managing Director,
ACS Capital Corporation Limited

2009 – Present
Chief Executive officer (CEO)
Retailers Association of India.

2006 – 2009
Country head
Retail solutions at IBM

2004 – 2006
Executive Director & Chief
Operating Officer
Crossword book stores Ltd.

1996 – 2004
Head operations
Shoppers Stop Ltd.

1993 – 2004
Head operations, finance, B&M,
Shoppers Stop.co.in

1989 – 1993
Partner at Kumar Rajagopalan &
Co.

2012 – Present
Non- Executive Director,
Aeon Credit Service India Private
Ltd.

2009 – 2011
Chief General Manager,
Dept. of Govt. & Bank Accounts,
RBI Central Office, Mumbai.

2005 – 2009
Chief General Manager,
Dept. of Banking Supervision,
RBI Central Office, Mumbai.

2000 – 2005
General Manager,
Dept. of Banking Supervision,
RBI Regional Office, Mumbai.

1998 – 2000
Dy General Manager,
Regional Office, Issue Dept.
(Currency Management), RBI
Guwahati.

1995 – 1998
Dy General Manager, Dept. of
Rural Planning & Credit Dept., RBI
Central Office, Mumbai.

Our Board of Directors come from a wide-range of backgrounds with wealth of experience that enable us to achieve success.

CORPORATE INFORMATION

COMPANY SECRETARY

Mr. Sanjaya Kumar Dash
Membership No: F7043

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants, 19th Floor, Shapath - V,
S.G. Highway, Ahmedabad-380 015, Gujarat.

REGISTERED & HEAD OFFICE

Unit No.TF-A-01, 3rd Floor, A-Wing, Art Guild
House, Phoenix Marketcity, LBS Marg, Kurla
(West), Mumbai - 400 070.

WEB PAGE

www.aeoncredit.co.in

REGISTRARS

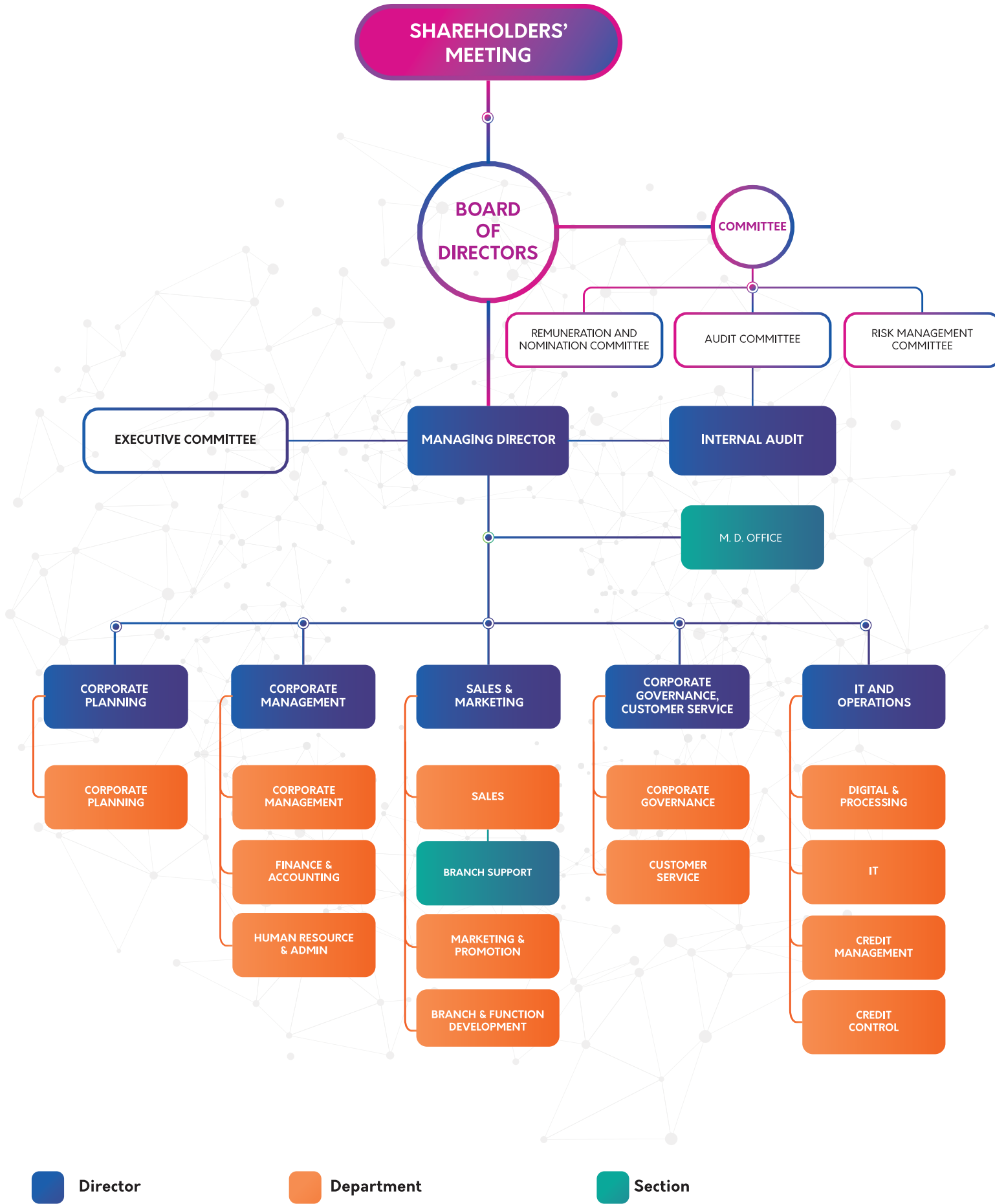
Satellite Corporate Service Pvt. Ltd.
Unit. No 49, Building No. 13 AB, 2nd Floor,
Samhita Commercial Co-Op Society Ltd, Off
Andheri Kurla Rd, MTNL Lane, Sakinaka,
Mumbai-400072.
Phone Nos: 022-28520461/462
Email Id: service@satellitecorporate.com

PRINCIPAL BANKERS

Mizuho Bank Ltd. Mumbai
Deutsche Bank AG, Mumbai
ICICI Bank Limited



ORGANIZATION CHART



BUSINESS HIGHLIGHT 2017-18



AEON TWO WHEELER EMI

100% FUNDING*

₹0 Down Payment* | **Low Interest Rate*** | **Low Processing Fees***

Longer Tenure* | **Easy Documentation***

SPEED UP YOUR DREAMS

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Despite positive growth in GDP in Indian Economy during the FY 2017-18, our overall sales got impacted during first half of the year. This was due to prolong effect of demonetisation declared by Govt., introduction of High Denominated Currency Notes and Goods and Service Tax (GST), which impacted our customers to large extent, particularly those, who get retail finance service in F.Y. 2017-18. Also the Banks suffered greater loss due to increased bad debt in the reporting year. **In such circumstance, the company reviewed the credit criteria and strengthen the assessment for converting to prudential portfolio. By such effort, the company's Non-Performing loan ratio has been dramatically improved at the end of FY2017-18.**

In the second half of the year, Company focused on product diversification from consumer durable to Two-Wheelers and Personal Loan to gain business growth. Emphasis was on merchant development and innovative advertisement for two wheeler business and preparation for launching of Personal loan. In order to bring recovery in sales and revenue, the company started realizing the FINTECH approach in its business sustenance and could inject a further capital of INR 159 Million for system enhancement.

The Company could successfully reorganized its whole structure by change in management, appointing one Executive Director in charge of Corporate Governance, establishing internal committees at management level in order to strengthen decision making and internal control. During the year under review, company's operations were standardized by establishing various policies, regulations and procedures in the department levels for better governance and control.



AEON CREDIT SERVICE

UPGRADE YOUR LIFESTYLE WITH ZERO DOWN PAYMENT

₹0 DOWN PAYMENT* | **0.99% p.m.* INTEREST RATE**

Aeon Consumer Durables Loan for Electronics

Fast Approvals | No CIBIL Required* | Processing Fee ₹500 only* | Financing from ₹10,000 & above

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AEON CREDIT SERVICE

ZERO DOWN PAYMENT CAN GET YOU COUNTLESS COMPLIMENTS ON YOUR DECOR

₹0 DOWN PAYMENT* | **0.99% p.m.* INTEREST RATE**

Aeon Consumer Durables Loan for Furniture

Fast Approvals | No CIBIL Required* | Processing Fee ₹500 only* | Financing from ₹10,000 & above

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Sales network in Mumbai was bifurcated into seven zones after intensive research and analysis of the market to ensure appropriate sales management as a part of business strategy. Several branches are being established in order to achieve the aim of maximizing market presence.

Staff Training is being emphasized to ensure courteous and effective service for best consumer experience. To understand and assess the needs of our consumers better a feedback survey system is also being designed.

Going forward, the company is planning to establish one Mobile Application, which is being designed to enable easy loan processing, quick approval and provide seamless service to consumers. The App is a step towards creating a new age FINTECH company and join the race of digitisation to improve efficiency and productivity.

INTERNAL CONTROL

COMPANY'S COMPLIANCE

We understand that acting within the financial sector, compliance plays a vital role for the success of an organization. At AEON Credit Service India Private Limited, we ensure not only the regulatory compliance but also compliance of our internal regulations by our staff on a regular basis. We train our staff and inculcate an attitude in them to focus on "Personal Data Protection", "AEON Code of Conduct", principles enumerated in the Fair Practice code by the Reserve Bank of India and other compliance aspects as and when deemed necessary. Besides this, we ensure good governance within the organisation by establishing adequate internal controls. ACSI's Corporate Governance Department comprises of a Legal & Compliance Section, Company Secretary Section and Risk Management & Quality Assurance Section which works hand in hand with the Operations team and keeps them updated regarding any Legal & regulatory changes by way of a monthly compliance committee meeting. This Committee monitors updates of all laws and regulations to ensure that these are complied with in the internal policies and procedures and discusses preparing ourselves for all changes required by law. To ensure and check compliance with all applicable laws, rules and regulations, a monthly Compliance Checklist is submitted to the Board confirming compliance under various corporate laws including Labour law, Tax laws, etc. To strengthen the check on Compliance, an audit is conducted of various Departments, and the effectiveness of Compliance is assessed. Trainings are imparted to keep each staff up to date on the current situation of law in the country. Annual Code of Conduct Training as well as Quarterly Legal and Compliance Training is imparted to train the staff on importance of Legal & regulatory compliances and to give them the opportunity to participate in strengthening the Compliance System.



RISK MANAGEMENT

The company considers risk management as an important element of the business and embeds strong risk culture in its day-to-day business operations. Understanding the importance of risk management to sustainable growth, the Risk Management team is involved in all stages of the risk management process to provide an independent view and input including overseeing, planning and conducting its own risk management. The company has been conducting Risk Meeting on monthly basis. The Risk Management Committee chaired by non-executive director meets on quarterly basis in order to improve and challenge the risk management practices and ensure that the company operates with a sound, effective and efficient risk management system.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of AEON Credit Service India Pvt. Ltd. will be held on **Friday, 29th June, 2018 at 12:00 Noon** at its Registered Office at **Unit No. TF-A-01, A-Wing, 3rd Floor, Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (West), Mumbai- 400070** to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Accounts, Directors' Report & Auditors' Report

To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2018, Statement of Profit & Loss and Cash Flow Statement for the Financial Year ended March 31, 2018 and notes attached thereto together with the Reports of the Directors and the Auditors thereon.

2. Appointment of Statutory Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, M/s Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No.117365W) be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Eighth AGM at such remuneration plus GST (Goods and Services Tax), out of pocket, travelling and living expenses etc., as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

3. Reappointment and revision in remuneration of Mr. Masaki Watanabe as Whole Time Director of the Company.

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197 and other applicable provisions if any of the Companies Act, 2013 read with Schedule V to the said Act and subject to the approval of Central Government if required and in pursuance to the provisions of Articles of Association of the Company, consent of the members of the Company be and are hereby accorded to the reappointment of Mr. Masaki Watanabe (DIN-06904968) as Whole Time Director of the Company for a further period of two years effective from 1st July, 2018 till 30th June 2020 on the following revised terms and conditions including remuneration, performance bonus and other perquisites duly approved by the Board on recommendation of its Remuneration & Nomination Committee as detailed below:-

Salary: JPY 726,000/- (INR 448,523/- approximately) per month w.e.f. 1st April, 2018 (Previous Year: JPY 721,000/- (INR 416,340/- approximately) per month;

Performance Bonus for the fiscal year 2017-18:- JPY 2,834,000/- (INR 1,750,845/- approximately)

Indicated Performance Bonus for the fiscal year 2018-19:- JPY 2,800,000/- (INR 1,729,840/- approximately) based on his individual and company's performance.

(for conversion into INR, exchange rate as on the last date of the respective month or the date of payment, whichever is earlier shall be considered.)

RESOLVED FURTHER THAT Mr. Masaki Watanabe be and is hereby eligible to other allowances including perquisites as per company's internal and group policy.

RESOLVED FURTHER THAT any of the Directors and/or Mr. Sanjaya Kumar Dash, Executive Director & Company Secretary be and are hereby Jointly and/or severally authorized to do all such acts deeds and things as may be expedient and necessary for giving effect to the aforesaid resolution."

4. Revision in remuneration and performance bonus of Mr. Daisuke Maeda, Managing Director.

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

"RESOLVED THAT pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) read with Schedule V to the said Act and subject to approval of Central Government if required and in pursuance of the provisions of Articles of Association of the Company, consent of Members of the Company be and are hereby accorded to the increment in monthly salary including performance bonus payable to Mr. Daisuke Maeda, Managing Director (DIN- 07854743) duly approved by the Board on recommendation of its Remuneration & Nomination Committee as detailed below:-

Salary: USD 11,300/- (INR 772,665/- approximately) per month w.e.f. 1st July, 2018 (Previous Year: USD 10,100/- (INR 690,612/- approximately) per month;

Performance Bonus for the fiscal year 2017-18:- USD 55,200/- (INR 3,774,438/- approximately)

Indicated Performance Bonus for the fiscal year 2018-19:- USD 57,300/- (INR 3,918,030/- approximately) based on his individual and company's performance.

(for conversion into INR, exchange rate as on the last date of the respective month or the date of payment, whichever is earlier shall be considered.)

RESOLVED FURTHER THAT Mr. Daisuke Maeda be and is hereby eligible to other allowances including perquisites as per company's internal and group policy.

RESOLVED FURTHER THAT any of the Directors and/or Mr. Sanjaya Kumar Dash, Executive Director & Company Secretary be and are hereby Jointly and/or severally authorized to do all such acts deeds and things as may be expedient and necessary for giving effect to the aforesaid resolution."

5.Revision in remuneration and performance bonus of Mr. Tomo Sato, Whole Time Director.

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

“RESOLVED THAT pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the said Act and subject to approval of Central Government if required and in pursuance of the provisions of Articles of Association of the Company, consent of Members of the Company be and are hereby accorded to the increment in monthly salary including performance bonus payable to Mr. Tomo Sato, Whole Time Director (DIN- 07854754) duly approved by the Board on recommendation of its Remuneration & Nomination Committee as detailed below:-

Salary: JPY 610,000/- (INR 376,858/- approximately) per month w.e.f. 1st April, 2018 (Previous Year: JPY 608,000/- (INR 352,530/- approximately) per month;

Performance Bonus for the fiscal year 2017-18:- JPY 2,419,000/- (INR 1,494,458/- approximately)

Indicated Performance Bonus for the fiscal year 2018-19:- JPY 2,275,000/- (INR 1,405,495/- approximately) based on his individual and company's performance.

(for conversion into INR, exchange rate as on the last date of the respective month or the date of payment, whichever is earlier shall be considered.)

RESOLVED FURTHER THAT Mr. Tomo Sato be and is hereby eligible to other allowances including perquisites as per company's internal and group policy.

RESOLVED FURTHER THAT any of the Directors and/or Mr. Sanjaya Kumar Dash, Executive Director & Company Secretary be and are hereby Jointly and/or severally authorized to do all such acts deeds and things as may be expedient and necessary for giving effect to the aforesaid resolution.”

6. Revision in remuneration and performance bonus of Mr. Sanjaya Kumar Dash, Executive Director and Company Secretary.

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

“RESOLVED THAT pursuant to approval of Board of Directors in its meeting held on 29th June, 2018 and on recommendation of Nomination and Remuneration Committee in its meeting held on 29th June, 2018, consent of the Members of the Company be and is hereby accorded to the increment in monthly salary including performance bonus and indicated performance bonus payable to Mr. Sanjaya Kumar Dash, Executive Director & Company Secretary as detailed below:-

Salary: INR 270,000/- per month w.e.f. 1st July, 2018 (Previous Year: INR 200,000/- per month)

Performance Bonus for the fiscal year 2017-18:- INR 320,000/- .

Indicated Performance Bonus for the fiscal year 2018-19:- INR 400,000/- based on his individual and company's performance.

RESOLVED FURTHER THAT Mr. Sanjaya Kumar Dash be and is hereby eligible to other allowances including perquisites as per company's internal and group policy.

RESOLVED FURTHER THAT any of the Directors be and are hereby authorized to do all such acts deeds and things as may be expedient and necessary for giving effect to the aforesaid resolution.”

By order of the Board of Directors

Sanjaya Kumar Dash
Executive Director and Company Secretary

Place: Mumbai

Date: 29th June, 2018

NOTES:

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy/ proxies to attend and vote instead of himself / itself and the proxy (ies) need not be a member. A proxy (ies) in order to be effective, must be deposited at the registered office of the company, not later than 48 hours before the meeting.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Businesses under Item No. 3, 4, 5 & 6 is annexed hereto forming part of this Notice.
4. The proxy form is enclosed herewith for appointing proxy on behalf any members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 3.

Mr. Masaki Watanabe, Director was reappointed as Whole Time Director of the company by the Board in its Meeting held on 27th May, 2016 for a period of two years w.e.f 28th 2016 till 30th June, 2018 on such terms and condition including remuneration & other allowances, perquisites etc. on the recommendation of the Remuneration Committee of the Board with subsequent approval of the Members of the Company in Annual General Meeting held on 29th June, 2016 pursuant to the provisions of sections 196, 197 and other applicable provisions (including statutory modification or re-enactment thereof) of the Companies Act, 2013. The existing terms of appointment of Mr. Masaki Watanabe as Whole Time Director of the Company expires on 30th June, 2018.

In view of the above, Mr. Masaki Watanabe, the Director of the Company is proposed to be re-appointed as Whole Time Director of the Company w.e.f. 1st July, 2018 till 30th June 2020 on the existing terms and conditions including remuneration & other allowances, perquisites etc. with approval of Board of Directors in its meeting held on 29th June, 2018 on the recommendation of Remuneration and Nomination Committee held on 29th June, 2018 subject to approval of Members in the ensuing Annual General Meeting.

Therefore, as per the provisions of sections 196, 197 and other applicable provisions (including statutory modification or re-enactment thereof) of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, the consent of the Members is required by way of passing special resolution at General Meeting of the company to give effect to the reappointment of Mr. Masaki Watanabe as Whole Time Director including his remuneration and other terms and condition.

The revised remuneration and other terms and conditions of Mr. Masaki Watanabe as Whole Time Director are as detailed below:-

Salary: JPY 726,000/- (INR 448,523/- approximately) per month w.e.f. 1st April, 2018 (Previous Year: JPY 721,000/- (INR 416,340/- approximately) per month;

Performance Bonus for the fiscal year 2017-18:- Performance bonus amounting to JPY 2,834,000/- (INR 1,750,845/- approximately)

Indicated Performance Bonus for the fiscal year 2018-19:- JPY 2,800,000/- (INR 1,729,840/- approximately) based on his individual and company's performance.

Other Allowances & Perquisites: As per company's internal and group policy including accommodation, transport, medical allowance and other perquisites to be paid by the Company on actual basis.

(for conversion into INR, exchange rate as on the last date of the respective month or the date of payment, whichever is earlier shall be considered.)

The above referred terms and conditions including remuneration, other perquisites and commission as a part of total annual remuneration is subject to further interim revision with approvals of Aeon Financial Service Co., Ltd., Japan, Remuneration and Nomination Committee, Board of Directors, Members' General Meeting and Central Government if required.

A statement pursuant to Section II of Part II of Schedule-V to the Companies Act, 2013 along with this Notice is annexed herewith for shareholders' information.

However, in case of any unforeseen circumstances during the terms of reappointment, his office of Whole Time Director would be terminated with the approval of majority of Members of the Company subject to applicable provisions of the Companies Act, 2013, Rules made thereunder and Articles of Association of the Company.

Except Mr. Masaki Watanabe, no other directors and / or their relative(s) are concerned or interested in the proposed resolution.

ITEM NO. 4

As per the Group Companies' policy and norms and based on recommendation of Remuneration & Nomination Committee, the Board considered and approved an increase in remuneration of Mr. Daisuke Maeda from USD 10,100/- (INR 690,612/- approximately) per month to USD 11,300/- (INR 772,665/- approximately) per month w.e.f 1st July, 2018 and performance bonus amounting to USD 55,200/- (INR 3,774,438/- approximately) for fiscal year 2017-18. Additionally, an indicated performance bonus amounting to USD 57,300/- (INR 3,918,030/- approximately) for the fiscal year 2018-19 would be payable to Mr. Daisuke Maeda based on his individual and company's performance.

As per the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act and in pursuance to the provisions of Articles of Association of the Company, approval of Members of the Company is required by way of passing special resolution at General Meeting of the company for aforesaid increase in monthly remuneration, performance bonus and an indicated performance bonus payable to Mr. Daisuke Maeda Managing Director. The other terms and conditions will remain same.

Except Mr. Daisuke Maeda, none of the Promoters, Directors, Manager or their relative(s), either directly or indirectly, is in any way interested or concerned in the above said resolution.

ITEM NO. 5

As per the Group Companies' policy and norms and based on recommendation of Remuneration & Nomination Committee, the Board considered and approved an increase in remuneration of Mr. Tomo Sato from JPY 608,000/- (INR 352,530/- approximately) per month to JPY 610,000/- (INR 376,858/- approximately) per month w.e.f 1st April, 2018 and performance bonus amounting to JPY 2,419,000/- (INR 1,494,458/- approximately) for fiscal year 2017-18. Additionally, indicated performance bonus amounting to JPY 2,275,000/- (INR 1,405,495/- approximately) for the fiscal year 2018-19 would be payable to Mr. Tomo Sato.

As per the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act and in pursuance to the provisions of Articles of Association of the Company, approval of Members of the Company is required by way of passing special resolution at General Meeting of the company for aforesaid increase in monthly remuneration, performance bonus and indicated bonus payable to Mr. Tomo Sato Whole Time Director. The other terms and conditions will remain same.

Except Mr. Tomo Sato, none of the Promoters, Directors, Manager or their relative(s), either directly or indirectly, is in any way interested or concerned in the above said resolution.

ITEM NO. 6

As per the Group Companies' policy and norms and based on recommendation of Remuneration & Nomination Committee, the Board considered and approved an increase in remuneration of Mr. Sanjaya Kumar Dash from INR 200,000/- per month to INR 270,000/- per month w.e.f 1st July, 2018 and performance bonus amounting to INR 320,000/- for fiscal year 2017-18. Additionally, indicated performance bonus amounting to INR 400,000/- (approximately) for the fiscal year 2018-19 would be payable to Mr. Sanjaya Kumar Dash.

The approval of Members of the Company is required at General Meeting of the company for aforesaid increase in monthly remuneration, performance bonus and indicated bonus to Mr. Sanjaya Kumar Dash Executive Director and Company Secretary. The other terms and conditions will remain same.

Except Mr. Sanjaya Kumar Dash, none of the Promoters, Directors, Manager or their relative(s), either directly or indirectly, is any way interested or concerned in the above said resolution.

By order of the Board of Directors

Sanjaya Kumar Dash
Executive Director and Company Secretary

Place: Mumbai

Date: 29th June, 2018

STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE-V OF THE COMPANIES ACT, 2013.

I. GENERAL INFORMATION :

(1) Nature of Industry

Financial Service Sector (Non-Deposit Taking NBFC)

(2) Date or expected date of commencement of commercial production

Not Applicable

(3) In case of new companies, expected date of commencement of activities as per project approved financial institution appearing in the prospectus

Not Applicable

(4) Financial Performance as at 31st March, 2018 (Audited) based on given indicators

a) Net Profit/(Loss):- (INR 270,759,243);

b) Total Assets (INR):-

Financing Receivable	250,911,338
Allowance for Bad Debts	11,336,527
Cash & Cash equivalents	1,222,013,174
Other Assets	133,810,753
Total	1,595,398,738

c) Total Liabilities & Equities (INR):-

Total Liabilities	67,996,975
Shareholders' Fund	1,527,401,763
Total	1,595,398,738

(5) Foreign investment or collaboration if any

Foreign Direct Investment: - INR 2,500,000,000

II. INFORMATION ABOUT THE APPOINTEE :

A. Mr. Masaki Watanabe:

(1) Background Details

Mr. Masaki Watanabe joined AEON Credit Service Co., Ltd (Japan) in the year 2002 in the department of Consumer Financing. Due to his character, integrity, competency, experience, time commitment and performance, Mr. Watanabe could reach at director position in AEON Credit Service India Pvt. Ltd. Mr. Watanabe have been properly discharging his duties, contributed effectively to discussions / decision making and demonstrated full commitment to his responsibility as a director of the Company.

(2) Past Remuneration: -

Please refer explanatory statement on page no. 5

(3) Recognition or Awards:-

Mr. Masaki Watanabe has been well recognised by corporates especially by AEON groups companies since the year 2002. Mr. Watanabe, due to his excellent managerial ability, could reach at a position like Whole Time Director of AEON Credit Service India Pvt. Ltd.

(4) Job Profile and his suitability:-

- Consumer Financing;
- Credit Assessment;
- Credit Management.
- Other Operation Divisions in group finance companies.

(5) Remuneration Proposed:-

Please refer explanatory statement on page no. 5

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriate the relevant details would be with respect to the country of his origin)

The proposed remuneration of Mr. Masaki Watanabe, being an expatriate originating from Japan is comparatively reasonable with respect to industry, size of the company, profile of the position and person in the originating country Japan.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Mr. Masaki Watanabe does not have any pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.

III. OTHER INFORMATION :

(1) Reason of loss or inadequate profit: - Presently, income derived from financing business is being invested in men power, system development and other business setup, resulting thereby loss or inadequate profit.

(2) Steps taken or proposed to be taken for improvement:- The Company's present business strategy of product diversification, strengthening internal controls, increase in operation efficiency and cost cutting incertain undesirable / unproductive areas would be resulting into improvement in business performance so that the present loss or inadequate profit can be minimised as earliest as possible.

(3) Expected increase in productivity and profits in measurable terms:-

The Company's Management has a strategic planning to have the following expected increase in productivity and profits:-

(INR '000)		
Particulars	March 2018	March 2019
Turnover (Sales) (Productivity)	322,719,977	1,470,000,000
Net Profit	(270,759,243)	(152,000,000)

Form No. MGT-11

Proxy Form

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

Name of the Company: **AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Regd. office: **Unit No. TF-A-01, A-Wing, 3rd Floor, Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (West), Mumbai- 400070**

CIN: **U65929MH2011FTC214516**

Name of the Member(s):.....

Name of the Corporate Authorized Representative:

Registered Address:

Email ID:

Folio:

I/We, being the member (s) holding shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

3. Name:

Address:

E-mail Id:

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on Friday, 29th June, 2018 at 12 Noon at the registered office of the Company and at any adjournment thereof in respect all resolutions specified in the Notice.

Signed this..... day of..... (Date, Month, and Year)

.....

Signature of shareholder (Authorized Representative)

.....

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

DIRECTORS' REPORT

To,
The Members of
AEON CREDIT SERVICE INDIA PRIVATE LIMITED

The Directors present their Seventh Annual Report and the Audited Financial Statements for FY 2017-18 (from 1st April, 2017 to 31st March, 2018). As required under the Ministry of Corporate Affairs' General Circular 08/2014 No. 1/19/2013-CL-V dated April 4, 2014, the Financial Statements and other reports required to be attached to the Annual Report for FY 2017-18 are governed by the relevant provisions, schedules, rules of the Companies Act, 2013.

FINANCIAL PERFORMANCE SUMMARY

Particulars	Year ended 31st March, 2018 (from 1st Apr. 2017 to 31st Mar. 2018) (In Rupees)	Year ended 31st March, 2017 (from 1st Apr. 2016 to 31st Mar. 2017) (In Rupees)
Gross Income	150,117,624	346,056,996
Expenditure	397,835,659	511,675,339
Profit / (Loss) Before Depreciation & Tax	(247,718,035)	(165,618,343)
Less: Depreciation	23,041,208	24,139,708
Less: Provision for Taxation (Including Deferred Tax and Fringe Benefit Tax)	NIL	NIL
Less: Provision for proposed dividend (Including Dividend Tax)	NIL	NIL
Net Profit / (Loss) After Tax	(270,759,243)	(189,758,051)
Balance carried to Balance Sheet	(270,759,243)	(189,758,051)

OPERATIONS & PERFORMANCE:

As at March 2018, the Company recorded a total sales volume of Rs.3.23 billion and a revenue of Rs.1.35 billion at 28% and 44% growth respectively against the same period last year. During the year, the overall sales volume was declined due to stringent credit criterion, slowness in loan processing, competitive interest pressure and certain other operational issues. The company recorded a loss of Rs 2.70 billion in this financial year as against Rs. 1.89 billion in previous year due to increased expenses incurred in human resources, operations and IT.

In the 1st quarter of financial year 2017-18, the company introduced E-bike finance to contribute environment friendly program of Govt. of India. In order to further improve the operational efficiency of the Company, AEON Financial Service, Japan, the parent company came up with a mid-term plan in the 2nd quarter with product diversification, revised interest rate & credit policy and new organization set-up. As a result, the sales could improve significantly and collection results started improving. In the 3rd quarter, the Company introduced Two-Wheeler finance to further boost the overall sales and to have better product portfolio. In the 4th quarter, the Company focused on formulating various policy documents, recruitment of various senior level people and strengthening internal control and business operation. As a result, collection result was recorded all-time highest in month of November, 2017.

As part of our management objectives, we continued to focus on strengthening credit policies, credit management and back-end operations to improve efficiency towards realizing profitability.

The Company managed to improve staff productivity and management control with further investment on IT system and able to strengthen its corporate governance with strong independent functions of internal audit and compliance departments.

In the beginning of fourth quarter after exit of Edelweiss Financial Service from Joint Venture Agreement, AEON Financial Service Co. Ltd. Japan had come up with further equity capital injection of INR 1.59 billion according to its mid-term plan. We could successfully shift our corporate office to a better place with all the modern amenities in order to provide much better working environment than the existing one.

FUTURE OUTLOOK AND BUSINESS PLANS:

Since there is immense business potential in Indian financial market, AEON Credit Service India will strategize its business models to increase its market share in near future. In view of stronger competition in the consumer durable product financing and different business model adopted by AEON Credit in India as compared to other competitors, the company will seriously look into its product diversification in coming years.

The company will be concentrating more on Two-Wheeler Finance business in order to withstand stronger competition in the consumer durable product financing in the market and develop various new products in order to satisfy customer demand. The Company's business in up-coming financial year 2018-19 will be FINTECH based and most of its operational activities including loan applications and approvals will be digitized completely with an objective to withstand market competitors. At the same time, the company aims at providing the best customer service in the industry for retaining its valued customer. Furthermore, the Company will also enroll bigger merchants and come up with strategic tie-ups with Manufacturers / Brands for better sales and brand image.

DIVIDEND:

Your Directors do not recommend payment of dividend for the Financial Year under review, due to lack of availability of profits.

DEPOSITS:

During the year under review, your Company has neither invited nor accepted / renewed any Deposits from public within the meaning of the section 73 of the Companies Act, 2013 and the rules issued by Reserve Bank of India.

MATERIAL CHANGES AND COMMITMENTS IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR AND THE DATE OF THE DIRECTORS' REPORT:

There are no such material changes and commitments affecting financial positions of the Company between the end of FY and the date of the Directors' Report.

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

(A) Conservation of Energy & Technology Absorption:
Since the Company is not engaged in manufacturing activities, the particulars pursuant to Company (Accounts) Rules, 2014 are not applicable to the Company for the year under reference.

(B) foreign Exchange Earnings & Outgo:

Particulars	Year ended 31.03.2018 (from 1st Apr. 2017 to 31st Mar. 2018) (Amount in Rs.)	Year ended 31.03.2017 (from 1st Apr. 2016 to 31st Mar. 2017) (Amount in Rs.)
Earnings in Foreign Exchange	NIL	NIL
Expenditure in Foreign Exchange	54,219,996	52,400,460

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES IN PURSUANCE TO SECTION 188 OF THE COMPANIES ACT, 2013:

Statement containing particulars of contracts or arrangements with the related parties in pursuance to the provision of section 188 is attached to the Directors' Report in the prescribed format AOC-2 as **Annexure-I**.

PARTICULARS OF LOAN, GUARANTEE OR INVESTMENT IN PURSUANCE TO SECTION 186 OF THE COMPANIES ACT, 2013

The company has not given any loan, guarantee and made any investment in pursuance to the section 186 of the Companies Act, 2013 during the period under review.

BOARD OF DIRECTORS:

The Board of Directors along with its three Committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company. The Board currently comprises of seven Directors consisting of three Executive Directors and four Non-Executive Directors. Apart from this, the Board has appointed one more Functional Executive Director, who is also the Company Secretary of the Company.

MEETING OF BOARD OF DIRECTORS:

The Board of Directors have met twelve times during the financial year under review on 27th April, 2017, 31st May, 2017, 28th June, 2017, 27th July, 2017, 31st August, 2017, 29th September, 2017, 31st October, 2017, 30th November, 2017, 27th December, 2017, 31st January, 2018, 28th February, 2018 & 28th March, 2018.

STATEMENT ON COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors affirm that:

- (i) In the preparation of the Annual Accounts of the Company, the applicable Accounting Standards had been followed along with the material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year on 31st March, 2018 and Profit/Loss for the year ended on that date;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the Annual Accounts on a going concern basis;
- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS & AUDITOR'S REPORT:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. The Company has sought their willingness to act as Statutory Auditors of the Company for the next financial year subject to their conformity with the provisions of Sections 138-141 of the Companies Act, 2013. After receipt of their consent and conformity, M/s. Deloitte Haskins & Sells, Chartered Accountants will be appointed as Statutory Auditors of the Company for the next financial Year with the approval of members in the Annual General Meeting.

The observations made by the Auditors in their Report read with relevant Notes given in the Notes to Accounts are self-explanatory and therefore do not require any comments from your Directors pursuant to the Section 134 of Companies Act, 2013.

EXTRACTS OF ANNUAL RETURN:

The extract of the Annual Return for the financial year ended 31st March, 2018 is attached with the Directors Report in the prescribed format MGT-9 as **Annexure II**

ACKNOWLEDGEMENT:

Your Directors greatly value the support and co-operation received during the period under review from the Bankers, Statutory Authorities, Auditors and employees of the company at all level.

For and on behalf of the Board

PLACE: Mumbai
DATE: 31st May, 2018

DAISUKE MAEDA
MANAGING DIRECTOR

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]

Details of contracts or arrangements or transactions not at arm’s length basis:

NOT APPLICABLE

Details of contracts or arrangements or transactions at arm’s length basis:

NOT APPLICABLE

PLACE: Mumbai
DATE: 31st May, 2018

For and on behalf of the Board

DAISUKE MAEDA
MANAGING DIRECTOR

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN:- U65929MH2011FTC214516
- (ii) Registration Date :- 09/03/2011
- (iii) Name of the Company:- AEON CREDIT SERVICE INDIA PRIVATE LIMITED.
- (iv) Category/Sub-Category of the Company:- Company Limited by Share (Subsidiary of Foreign Company)
- (v) Address of the Registered office and contact details:-

Unit No. TF-A-01, A-Wing, 3rd Floor Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (West), Mumbai- 400070.
Tel: +91 22 6266 4800, Fax: +91 22 6266 4999
- (vi) Whether listed company:- No
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, :-

Satellite Corporate Services Private Limited
Address: Unit. No 49, Building No. 13 AB,
2nd Floor, Samhita Commercial Co-Op Society Ltd,
Off Andheri Kurla Rd, MTNL Lane,
Sakinaka, Mumbai-400072.
Phone Nos: 022-28520461/462
Email Id: service@satellitecorporate.com

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL. No.	Name And Description of main Product/Services	NIC code of the product/service	% to total turnover of the company
1.	Financing of consumer durable goods	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN/ REGN. No.	HOLDING / SUBIDIARY / ASSOCIATE	% OF SHARE HELD/ ASSOCIATE	APPLICABLE SECTION
1.	AEON FINANCIAL SERVICE CO., LTD. ADDRESS: Kandanishiki-Cho, 3-22, Chiyoda-Ku, Tokyo 101-8445, Japan	0100-01-010887	Holding Company	92.72	Section 2(46)of Companies Act, 2013
2.	AEON Credit Service(M) Berhad ADDRESS: Level 18, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, 59200 Kuala Lumpur, Malaysia	412767-V	Associate Company	7.28	Section 2(6) of Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category-wise Share Holding

Particulars	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 share	Demat	Physical	Total	% of total share	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total –(A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs- Individuals	-	01	01	0	-	00	00	0	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	18,199,999	18,199,999	20	-	18,200,000	18,200,000	7.28	12.72
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total –(A) (2)	-	18,200,000	18,200,000	20	-	18,200,000	18,200,000	7.28	12.72
Total Shareholding of Promoter(A)=(A) (1) + (A) (2)	-	18,200,000	18,200,000	20	-	18,200,000	18,200,000	7.28	12.72
B. Public Shareholding									
1. Institution									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g) Flls	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total –(B) (1)	-	-	-	-	-	-	-	-	-

2. Non-Institution									
a) Bodies Corporate									
i) Indian	22,750,000	-	22,750,000	25	-	00	00	00	25
ii) Overseas	-	50,050,000	50,050,000	55	-	231,800,000	231,800,000	92.72	37.72
b) Individuals									
i) Individual share holdersholding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total –(B) (2)	22,750,000	50,050,000	72,800,000	80	-	231,800,000	231,800,000	92.72	12.72
Total Public Shareholding(B) =(B)(1) + (B)(2)	22,750,000	50,050,000	72,800,000	80	-	231,800,000	231,800,000	92.72	12.72
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	22,750,000	68,250,000	91,000,000	100	-	250,000,000	250,000,000	100	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% of change inshareholding during the year
1	AEON Credit Service (M) Berhad	18,199,999	20	-	18,200,000	7.28	-	12.72
2	Kenjiro Inoue	1	0	-	0	0	-	-
3	Total	18,200,000	20	-	18,200,000	7.28	-	12.72

(iii) Changes in Promoters' Shareholding (Please specify if there is no change):-
Please refer the above table IV (ii)

(iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
1	AEON Financial Service Co., Ltd., Japan	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50,050,000	55	50,050,000	55
	Increase or decrease in shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.) (Allotment of new shares 159,000,000 to AFS Japan on 18.01.2018 + Transfer of equity share from Edelweiss 22,750,000 to AFS Japan on 26.07.2017)	181,750,000	72.70	181,750,000	72.70
	At the end of the year	231,800,000	92.72	231,800,000	92.72

Sl No.		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
2	ECL Finance Limited				
	At the beginning of the year	22,750,000	25	22,750,000	25
	Increase or decrease in promoter's shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.) (Transfer of Equity share to AFS Japan on 26.07.2017)	(22,750,000)	(25)	(22,750,000)	(25)
	At the end of the year	0	0	0	0

Sl No.		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
3	AEON Credit Service(M) Berhad				
	At the beginning of the year	18,200,000	20	18,200,000	20
	Increase or decrease in promoter's shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	18,200,000	7.28	18,200,000	7.28

(v) Shareholding of Directors and Key Managerial personnel :

There is no shareholding of Director and Key Managerial Personnel during the reporting period.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured loans (Rs.)	Deposits	Total Indebtedness (Rs.)
Indebtedness at the beginning of the Financial year				
i) Principal Amount		445,100,000		445,100,000
ii)Interest due but not paid		-		-
iii)Interest accrued but not due		-		-
Total (I + ii + iii)		445,100,000		445,100,000
Change in Indebtedness during the financial year				
• Addition		(445,100,000)		(445,100,000)
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i)Principal Amount		-		-
ii)Interest due but not paid				
iii)Interest accrued but not due				
Total (i+ii+iii)		-		-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND/OR MANAGER

Sl. No	Particulars of Remuneration	Jayabalan Ramakrishnan Managing Director (Rs.) (Till 27.06.2017)	Yutaka Sudoh Whole Time Director (Rs.) (Till 27.06.2017)	Daisuke Maeda Managing Director (Rs.)	Masaki Watanabe, Whole Time Director (Rs.)	Tomo Sato Whole Time Director (Rs.)	Total Amount (Rs.)
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	26,16,769	27,56,169	62,56,881	62,61,617	35,10,137	2,14,01,573
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	4,69,747	10,14,912	27,20,138	27,16,130	14,31,761	83,52,688
	(c) Profit in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - As % of profit - Other, specify	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total(A)(1)	30,86,516	37,71,081	89,77,019	89,77,747	49,41,898	2,97,54,261
	Ceiling as per the Act						

B. REMUNERATION TO OTHER DIRECTORS:- Not Applicable

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:- Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCE:- Not applicable

For and on behalf of the Board

PLACE: Mumbai
DATE: 31st May, 2018

DAISUKE MAEDA
MANAGING DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEON CREDIT SERVICE INDIA PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **AEON CREDIT SERVICE INDIA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

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

- i) The Company does not have any pending litigations which would impact its financial position.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No. 117365W)

Rupen K. Bhatt
Partner
Membership No. 046930

Place: Mumbai

Date: May 31, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF AEON CREDIT SERVICE INDIA PRIVATE LIMITED

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **AEON CREDIT SERVICE INDIA PRIVATE LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
Membership No. 046930

Place: Mumbai

Date: May 31, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF AEON CREDIT SERVICE INDIA PRIVATE LIMITED

(Referred to in paragraph 1(f) 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 fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016") is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company did not have any unclaimed deposit.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable except the following:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date	Date of subsequent payment
Employees' State Insurance Act, 1948	Employees' State Insurance	387	April, 2017	May 21, 2017	February 3, 2018
		3,713	April, 2017	May 21, 2017	Not paid till date
		110	July, 2017	August 21, 2017	Not paid till date
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	430	April, 2017	May 15, 2017	February 3, 2018
		1,412	July, 2017	August 15, 2017	Not paid till date
Profession Tax Act, 1975	Profession Tax	975	April, 2017	May 31, 2017	Not paid till date
		700	May, 2017	June 30, 2017	Not paid till date
Income-tax Act, 1961	Tax Deducted at Source u/s 192 B	750,000	May, 2017	June 7, 2017	April 28, 2018

(c) There are no dues of Income-tax, Sales Tax, Goods and Services tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2018 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) The Company is a private company and hence the provisions of Section 177 of the Companies Act, 2013 is not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
Membership No. 046930

Place: Mumbai
Date: May 31, 2018

FINANCIAL STATEMENT

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Balance Sheet as at March 31, 2018

Amount in Rupees			
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,500,000,000	910,000,000
Reserves and Surplus	4	(972,598,237)	(701,838,994)
		1,527,401,763	208,161,006
Non-current liabilities			
Long-term provisions	5	6,905,179	6,516,255
Deferred tax liability (net)	30	-	-
Current liabilities			
Short-term borrowings	6	-	445,100,000
Trade payables	7	-	-
(i) Total outstanding dues of Micro and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		29,401,981	30,218,519
Other current liabilities	8	30,542,599	22,713,516
Short-term provisions	9	1,147,216	2,621,465
		61,091,796	500,653,500
TOTAL		1,595,398,738	715,330,761
ASSETS			
Non-current assets			
Fixed Assets	10a		
Property, plant and equipment		51,042,813	39,766,021
Intangible assets		24,450,816	19,036,570
Capital work-in-progress		7,016,166	8,050,597
Long-term loans and advances	11	25,799,262	13,608,259
Receivables under financing activity - Non current	12a	18,415,171	39,642,719
		126,724,228	120,104,166
Current assets			
Receivables under financing activity-Current	12b	221,159,640	558,539,905
Cash and cash equivalents	13	1,222,013,174	5,011,658
Short-term loans and advances	14	8,669,070	7,394,429
Other current assets	15	16,832,626	24,280,603
		1,468,674,510	595,226,595
TOTAL		1,595,398,738	715,330,761

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner

Place: Mumbai
Date: May 31, 2018

For Aeon Credit Service India Private Limited

Daisuke Maeda
Managing Director
(DIN: 07854743)

Tomo Sato
Director
(DIN: 07854754)

Sanjaya Kumar Dash
Company Secretary
(M.No. F7043)

Place: Mumbai
Date:May 31, 2018

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Statement of Profit and Loss for the year ended March 31, 2018

Amount in Rupees			
Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	16	112,241,771	329,209,998
Other income	17	37,875,853	16,846,998
Total Revenue		150,117,624	346,056,996
Expenses:			
Employee benefits expense	18	185,427,562	211,884,061
Finance costs	19	19,279,150	48,611,083
Depreciation/Amortisation expense	10b	23,041,208	24,139,708
Other expenses	20	193,128,947	251,180,195
Total Expenses		420,876,867	535,815,047
Loss before tax		(270,759,243)	(189,758,051)
Less: Tax expense			
(a) Current tax expense		-	-
(b) Deferred tax	30	-	-
Loss after tax		(270,759,243)	(189,758,051)
Earnings per share (Face value of shares Rs. 10 each)			
(a) Basic	29	(2.20)	(2.09)
(b) Diluted		(2.20)	(2.09)

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Rupen K. Bhatt
Partner

Place: Mumbai
Date: May 31, 2018

For Aeon Credit Service India Private Limited

Daisuke Maeda
Managing Director
(DIN: 07854743)

Tomo Sato
Director
(DIN: 07854754)

Sanjaya Kumar Dash
Company Secretary
(M.No. F7043)

Place: Mumbai
Date: May 31, 2018

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2018

		Amount in Rupees	
	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Loss before tax	(270,759,243)	(189,758,051)
	<i>Adjustment for:</i>		
	Depreciation and amortisation expense	23,041,208	24,139,708
	Interest from banks on deposits	(16,224,505)	-
	Interest income from financing activity	(104,766,946)	(292,606,116)
	Finance Cost	17,843,376	48,611,083
	Loss on sale of Property, plant and equipment	1,037,521	-
	Provision for retirement benefits	477,576	(1,150,421)
	Provision for doubtful trade receivables	(66,404,406)	(2,895,977)
	Contingent provision against standard assets	(1,562,901)	152,594
	Loss on foreign exchange translation (net)	(15,255)	329,256
		(146,574,332)	(223,419,873)
	<i>Operating Loss before Working Capital changes</i>	(417,333,575)	(413,177,924)
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Receivables under financing activity - Non current	21,227,548	51,216,673
	Receivables under financing activity - Current	403,784,671	15,753,115
	Long-term loans and advances	(10,052,900)	(842,551)
	Other current assets	(892,384)	-
	Short-term loans and advances	(1,274,642)	989,765
	Adjustments for (increase)/decrease in operating liabilities:		
	Trade payables	(816,538)	1,422,560
	Other current liabilities	5,659,340	(24,267,833)
	Cash generated from / (used in) operations after working capital changes and before adjustments for interest received and interest paid	301,520	(36,906,195)
	Interest received	122,334,465	287,990,218
	Interest paid	(17,843,376)	(48,611,083)
	Cash generated from / (used in) operations	104,792,609	(129,527,060)
	Income-tax paid (taxes deducted at source) (net)	(699,738)	-
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	104,092,871	(129,527,060)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Interest from banks on deposits	6,997,347	-
	Purchase of fixed assets including capial advance	(39,000,547)	(14,364,076)
	Sale of property, plant and equipment	11,845	-
	Bank balance not considered as cash and cash equivalents - Placed	(400,000,000)	-
	NET CASH USED IN INVESTING ACTIVITIES (B)	(431,991,355)	(14,364,076)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	(Repayment) / Proceeds from unsecured working capital demand loan	(445,100,000)	143,600,000
	Proceeds from issue of share capital	1,590,000,000	-
	NET CASH FROM FINANCING ACTIVITIES (C)	1,144,900,000	143,600,000
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	817,001,516	(291,136)
	Cash and cash equivalents at the beginning of the year	5,011,658	5,302,794
	Cash and cash equivalents at the end of the year	822,013,174	5,011,658
		As at March 31,2018	As at March 31,2017
	Cash in hand	-	106,585
	Balance with banks:		
	In current accounts	4,513,174	4,905,073
	In other deposit accounts	1,217,500,000	-
	Cash and cash equivalents as at the end of the year	1,222,013,174	5,011,658

		Amount in Rupees	
	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Reconciliation of Cash and cash equivalents with the Balance Sheet:		
	Cash and cash equivalents (Refer note 13)	1,222,013,174	-
	Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3		
	<i>Cash Flow Statements:</i>		
	(i) In other deposit accounts	400,000,000	-
	- original maturity more than 3 months		
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	822,013,174	-

See accompanying notes forming part of the Financial Statements
In terms of our report attached

**For Deloitte Haskins & Sells
Chartered Accountants**

**Rupen K. Bhatt
Partner**

**Place: Mumbai
Date: May 31, 2018**

For Aeon Credit Service India Private Limited

**Daisuke Maeda
Managing Director
(DIN: 07854743)**

**Tomo Sato
Director
(DIN: 07854754)**

**Sanjaya Kumar Dash
Company Secretary
(M.No. F7043)**

**Place: Mumbai
Date: May 31, 2018**

1. Background of the Company

AEON Credit Service India Private Limited (the “Company”) was incorporated on March 9, 2011. The Company has obtained a license from the Reserve Bank of India to carry out Non-Banking Financial activities with effect from February 4, 2013. The Company is in the business of financing the purchase of consumer durables. During the year, the status of the Company has been changed from Non-Banking Financial Company Non-deposit taking Systematically Important (NBFC-ND-SI) to Non-Banking Financial Company Non-deposit taking Non Systematically Important (NBFC-ND-Non SI).

2. Significant Accounting Policies

a) Basis for preparation of accounts

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (“Indian GAAP”) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Accounting Standards) Rules, 2006, as amended (“Accounting Standards”). Further, the Company follows the Reserve Bank of India (RBI) Directions issued for Non-Banking Financial Companies (NBFC). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Current assets do not include elements which are not expected to be realized within one year and current liabilities do not include items which are due after one year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting year. Examples of such accounting estimates include employee benefits, assessment of income taxes and useful lives of fixed assets. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

c) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use.

d) Intangible assets

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment

e) Impairment of Property, plant and equipment

At each Balance Sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. An impairment loss is recognised in the Statement of Profit and Loss for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of asset and from its ultimate disposal are discounted to the present value using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss.

f) Depreciation/Amortisation

Depreciation/amortisation is provided using the Straight Line Method (SLM) at the following useful life which are higher than or equal to the useful lives specified in Schedule II to the Companies Act, 2013:

Assets	Useful Life in years
Furniture and fixtures	5
Office equipment	5
Computers	2
Server (included in Computers)	2
Computer software	5

Leasehold improvements are amortised over the unexpired period of lease.

g) Revenue Recognition

Income from loan transactions is accounted for by allocating finance income on a systematic basis over the tenure of the loan. No income is recognized on non-performing assets as per the prudential norms for income recognition by the Reserve Bank of India for Non-Banking Financial Companies (NBFCs). Interest income on such assets is recognized on receipt basis.

Upfront processing fees collected from the customer for processing loans are primarily towards documentation charges. This is accounted as income when the amount becomes due provided the recovery thereof is not uncertain.

Penalty recovered for banking instruments dishonoured are recognized on receipt basis.

Interest income on fixed deposit is accounted for on accrual basis.

h) Receivables under financing activity

i. Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year net of amount provided.

ii. The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets as considered necessary. The Company provides for entire receivables, where the installments are overdue for a period exceeding 3 months. The Company ensures that the said provisions are not lower than the provisions stipulated by the Reserve Bank of India (the “RBI”).

iii. A general provision is also made by the Company on the standard assets and disclosed under “Short terms provisions” in Note 9 in the financial statements as required by the RBI.

i) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of lease or, if lower, at the present value of the minimum lease payments as determined at the inception of lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognized in the Statement of Profit and Loss.

Lease rentals under operating lease are recognized in the Statement of Profit and Loss on a straight line

j) Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rate of exchange prevailing as at the date of the Balance Sheet. Gains or losses arising on account of difference in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are measured in terms of historical cost using the exchange rate at the date of the transaction and are not retranslated.

k) Taxation

Tax expense/credit comprises of current tax and deferred tax.

Current tax:

Current tax expenses are determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are measured using the tax rates which have been enacted or substantively enacted at the Balance Sheet date. Deferred tax expenses or benefit is recognised, subject to consideration of prudence, on timing differences being the difference between the taxable incomes and accounting income that originated in one year and are capable of reversing in one or more subsequent years.

Deferred tax assets are recognised for all deductible timing differences and are carried forward to the extent there is reasonable certainty that sufficient taxable profit will be available to realise these assets.

In the event of unabsorbed depreciation and carry forward losses, deferred tax asset is recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available to realise these assets.

l) Employee Benefits

i. Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

ii. Provident Fund:

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary (currently 12% of employee's salary). The contributions as specified under the law are paid to respective Regional Provident Fund.

iii. Compensated absences:

The Company's liabilities towards compensated absences are determined by an independent actuary as at the end of the reporting year, using the projected unit credit method.

m) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalized as a part of the cost of that asset. Other borrowing costs are recognized as expense in the year in which they are incurred.

n) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

o) Cash and cash equivalents (for purposes of Cash Flow Statement)

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

p) Cash flow statement

Cash flows are reported using the “indirect method”, set out in the Accounting Standard 3 “Cash Flow Statements” and presents the cash flow by operating, investing and financing activities of the Company.

Cash and cash equivalents presented in cash flow statement consists of cash in hand and unencumbered, highly liquid bank and other balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

q) Earnings per share

The Company reports basic and diluted earnings per share (EPS) in accordance with the Accounting Standard 20 “Earnings per Share”. Basic EPS is computed by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss attributable to equity shareholders by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Particulars	Amount in Rupees	
	For the year ended March 31, 2018	For the year ended March 31, 2017
A Authorised:		
250,000,000 (2017:91,000,000) Equity Shares of Rs. 10 each with voting rights	2,500,000,000	910,000,000
B Issued, subscribed and fully paid-up		
250,000,000 (2017:91,000,000) Equity Shares of Rs. 10 each with voting rights	2,500,000,000	910,000,000

Notes:

Note 3.1: Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with voting rights - Issued, subscribed and fully paid-up			
Year ended March 31, 2018			
Number of shares	91,000,000	159,000,000	250,000,000
Amount in Rupees	910,000,000	1,590,000,000	2,500,000,000
Year ended March 31, 2017			
Number of shares	91,000,000	-	91,000,000
Amount in Rupees	910,000,000	-	910,000,000

Note 3.2: Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding	Number of shares held	% holding
Equity Shares with voting rights				
AEON Financial Service Co., Ltd. Japan, the holding company	231,800,000	93%	50,050,000	55%
Held by AEON Credit Service (M) Berhad, a subsidiary of the holding company*	18,200,000	7%	18,200,000	20%

* During the year, 1 (one) equity share held by Mr. Kenjiro Inoue in his capacity as a nominee was transferred to M/s AEON Credit Service (M) Berhad.

Note 3.3: Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding	Number of shares held	% holding
Equity Shares with voting rights				
AEON Financial Service Co., Ltd. Japan	231,800,000	93%	50,050,000	55%
AEON Credit Service (M) Berhad	18,200,000	7%	18,200,000	20%
ECL Finance Limited*	-	-	22,750,000	25%

* During the year, shares held by ECL Finance Limited aggregating 22,750,000 were transferred to AEON Financial Service Co., Ltd. Japan

Note 3.4 Rights, preferences and restrictions attached to equity shares:

The company has single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Note 4: Reserves and Suplus

Opening balance of Statement of Profit and Loss

Add: Loss for the year

Closing balance

Amount in Rupees	
For the year ended March 31, 2018	For the year ended March 31, 2017
(701,838,994)	(512,080,943)
(270,759,243)	(189,758,051)
(972,598,237)	(701,838,994)

Note 5: Long term provisions

Provision for employee benefits

Gratuity

Compensated absences

Total

4,035,700	3,617,746
2,869,479	2,898,509
6,905,179	6,516,255

Note 6: Short-term borrowings

Unsecured Working Capital demand loan from Bank

-	445,100,000
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Note 7: Trade payables

Others – Total outstanding dues of creditors other than micro and small enterprises
(Refer Note 21 and Note 27)

29,401,981	30,218,519
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Note 8: Other current liabilities

Other payables

Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, etc.)

Income received in Advance

Refund payable to customers

Unallocated credit from customers

Payable for property, plant and equipment

AEON Financial Service Co., Ltd. Japan (Refer Note 27)

AEON Credit Service Co., Ltd. Japan (Refer Note 27)

AEON Credit Service (M) Berhad (Refer Note 27)

Total

5,538,254	5,644,811
330,811	286,807
8,618,616	5,208,708
9,652,896	8,274,950
2,500,000	315,000
-	18,382
3,902,022	1,452,419
-	1,512,439
30,542,599	22,713,516

Note 9: Short-term provisions

Provision for employee benefits

Gratuity

Compensated absences

Contingent provision against standard assets (Refer Note 2(h) (iii))

Total

132,555	60,262
398,941	382,582
615,720	2,178,621
1,147,216	2,621,465

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Note 10a: Fixed Assets

Particulars	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	As at March 31, 2017	Additions during the year	Deductions and adjustments	As at March 31, 2018	As at March 31, 2017	For the year	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment								
Furniture and fixtures	3,175,740 (3,107,640)	4,901,676 (68,100)	3,293,561 (-)	4,783,855 (3,175,740)	1,660,204 (992,737)	1,742,189 (667,467)	1,142,695 (1,660,204)	3,641,160 (1,515,536)
Office equipment	4,981,707 (3,490,383)	71,944 (1,491,324)	66,969 (-)	4,986,682 (4,981,707)	2,076,082 (1,250,314)	879,037 (825,768)	2,903,653 (2,076,082)	2,083,029 (2,905,625)
Leasehold improvements	7,729,821 (7,729,821)	22,786,852 (-)	7,729,821 (-)	22,786,852 (7,729,821)	7,729,815 (5,158,569)	23,235 (2,571,246)	23,229 (7,729,815)	(6)
Computers	65,689,944 (52,847,560)	1,034,644 (12,842,383)	- (-)	66,724,588 (65,689,944)	30,345,090 (13,054,295)	13,824,497 (17,290,795)	44,169,587 (30,345,090)	22,555,001 (35,344,854)
Total (A)	81,577,212	28,795,116	11,090,351	99,281,977	41,811,191	16,468,958	48,239,164	51,042,813
Previous Year	(67,175,404)	(14,401,807)	(-)	(81,577,212)	(20,455,915)	(21,355,276)	(41,811,191)	(39,766,021)
Intangible Assets: Computer software*	23,002,424 (5,757,117)	11,986,496 (17,245,307)	- (-)	34,988,920 (23,002,424)	3,965,854 (1,181,422)	6,572,250 (2,784,432)	10,538,104 (3,965,854)	24,450,816 (19,036,570)
Total (B)	23,002,424	11,986,496	-	34,988,920	3,965,854	6,572,250	10,538,104	24,450,816
Previous Year	(5,757,117)	(17,245,307)	(-)	(23,002,424)	(1,181,422)	(2,784,432)	(3,965,854)	(19,036,570)
Total (A+B)	104,579,636	40,781,612	11,090,351	134,270,897	45,777,045	23,041,208	58,777,268	75,493,629
Previous Year	(72,932,521)	(31,647,114)	(-)	(104,579,636)	(21,637,337)	(24,139,708)	(45,777,045)	(58,802,591)

The figures in bracket are the corresponding figures for the previous year.

*There are no internally generated computer software.

Note: The Accounting Standard (AS) 10 'Property, plant and equipment' amended by the Central Government, had become applicable to the company from April 1, 2016.

In accordance with the transitional provisions prescribed in the said AS, the Company had adopted the cost model as its accounting policy.

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Note 10: Fixed Assets (Contd)

b. Depreciation and amortisation expense

	Amount in Rupees	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on Property, plant and equipment as per Note 10a	16,468,958	21,355,276
Amortisation on intangible assets as per Note 10a	6,572,250	2,784,432
Total	23,041,208	24,139,708

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

	Amount in Rupees	
	As at March 31, 2018	As at March 31, 2017
Note 11: Long-term loans and advances (Unsecured, considered good)		
Capital Advance	1,438,365	-
Security deposit	10,399,872	9,823,500
Prepaid expenses	119,640	189,510
Advance Income-tax (Tax deducted at source)(Refer Note 24)	1,771,224	1,071,486
Balances with government authorities		
Cenvat / Goods and Services Tax Credit Receivable	12,070,161	2,523,763
Total	25,799,262	13,608,259

Note 12(a): Receivables under financing activity - Non current		
Outstanding for a period exceeding six months from the date they were due for payment	-	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful receivable under financing activity	-	-
Others		
Unsecured, considered good	18,415,171	39,642,719
Unsecured, considered doubtful	-	-
	18,415,171	39,642,719
Less: Provision for doubtful receivable under financing activity	-	-
	18,415,171	39,642,719
Total	18,415,171	39,642,719

Note 12(b): Receivables under financing activity - Current		
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	987,865	4,523,365
	987,865	4,523,365
Less: Provision for doubtful receivable under financing activity	987,865	4,523,365
	-	-
Others		
Unsecured, considered good	221,159,640	558,539,905
Unsecured, considered doubtful	10,348,662	73,217,568
	231,508,302	631,757,473
Less: Provision for doubtful receivable under financing activity	10,348,662	73,217,568
	221,159,640	558,539,905
Total	221,159,640	558,539,905

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

	Amount in Rupees	
	As at March 31, 2018	As at March 31, 2017
Note 13: Cash and cash equivalents		
Cash in hand	-	106,585
Balances with banks: (Refer note below)		
In current accounts	4,513,174	4,905,073
In other deposit accounts	1,217,500,000	-
Total	1,222,013,174	5,011,658

Note:
Of the above, the balances that do not meet the definition of Cash and cash equivalents as per Accounting Standard ("AS") 3 Cash Flow Statements is Balances with banks- other deposits accounts aggregating Rs. 400,000,000 (Previous year; Rs. Nil)

Note 14: Short-term loans and advances (Unsecured, considered good, unless otherwise specified)

Security deposits		
Unsecured, considered good	2,803,965	507,880
Unsecured, considered doubtful	2,158,000	-
	4,961,965	507,880
Less: Provision for doubtful security deposit	2,158,000	-
	2,803,965	507,880
Capital advances	-	-
Prepaid expenses	5,864,320	5,923,485
Advance to merchant and employees	785	963,064
Total	8,669,070	7,394,429

Note 15: Other current assets

Receivable from AEON Financial Service Co., Ltd. Japan (Refer Note 27)	892,384	-
Interest accrued on deposits	9,227,158	-
Accrued interest from financing activity	6,713,084	24,280,603
	16,832,626	24,280,603

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

	Amount in Rupees	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Note 16: Revenue from operations		
Interest income from financing activity	104,766,946	292,606,116
Processing Fees	7,474,825	36,603,882
Total	112,241,771	329,209,998

Note 17: Other income

Penalty recovered for banking instruments dishonored	5,246,983	7,437,221
Recovery from written off asset	13,368,875	7,686,173
Interest from banks on deposits	16,224,505	-
Payables written back	1,204,179	-
Miscellaneous income	1,831,311	1,723,604
Total	37,875,853	16,846,998

Note 18: Employee benefits expense

Salaries, allowances and incentives **	170,306,381	199,446,619
Contribution to provident fund	9,258,934	9,441,649
Gratuity	1,174,132	27,814
Staff welfare expenses	4,688,115	2,967,979
Total	185,427,562	211,884,061

Note 19: Finance costs

Interest on borrowings	17,843,376	46,700,830
Bank charges	1,356,932	1,910,253
Interest on delayed statutory payments	78,842	-
Total	19,279,150	48,611,083

Note 20: Other expenses

Power and fuel	3,866,090	4,153,330
Rent including lease rentals (Refer Note 28)	23,622,095	12,857,122
Repairs and maintenance - Others	15,008,015	9,897,305
Insurance	597,398	661,077
Rates and taxes	17,314,660	6,956,883
Communication expenses	5,295,975	7,373,290
Travelling expenses	7,943,755	7,309,233
Postage and courier expenses	3,687,290	4,853,163
Printing and stationery	778,892	2,157,438
Legal and professional	5,182,551	3,986,870
Payment to auditors (Refer Note below)	6,464,698	5,289,761
Customer credit appraisals	5,388,139	7,807,479
Transaction processing charges	5,450,665	4,423,680
Loss on sale of property, plant and equipment	1,037,521	-
Brokerage	2,079,684	-
Business promotion	302,653	1,029,095
Provision for doubtful trade receivables	60,289,451	142,718,220
Contingent Provision against standard assets	(1,562,901)	152,594
Write off - Receivables under financing activity	126,693,857	-
Less: Provision held	(126,693,857)	-
Loss on foreign exchange translation (net)	516,374	2,921,340
Software expenses	22,593,041	21,228,611
Provision for doubtful security deposit	2,208,000	-
Advance to merchant written off	-	1,635,436
Training expenses	2,068,972	761,959
Office expenses	1,036,585	2,362,496
Miscellaneous expenses	1,959,344	643,813
Total	193,128,947	251,180,195

Note:

Payments to the auditors comprises (including service tax/goods and service tax):	1,450,875	1,397,500
As auditors-statutory audit	359,125	348,563
For taxation matters	4,628,670	3,511,530
For other services*	26,028	32,168
Reimbursement of expenses	6,464,698	5,289,761
Total		

*Represents payment of Rs.3,679,983 (2017: Rs. 2,883,757) made to affiliated firm

** Salary Allowance and Incentives includes outsourced services

21. The identification of vendors as a “Supplier” under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information provided by the vendors to the Company. This has been relied upon by the auditors.

22. Particulars of un-hedged foreign currency exposure as at the Balance Sheet Date:

Particulars	Foreign Currency (FC)	As at March 31, 2018			As at March 31, 2017		
		Exchange Rate	Amount in FC	Amount in Rupees	Exchange Rate	Amount in FC	Amount in Rupees
Assets							
AEON Financial Service Co., Ltd. Japan	Japanese Yen	0.62	865,271	532,488	-	-	-
Liabilities							
AEON Credit Service(M) Berhad	Malaysian Ringgits	-	-	-	14.64	21,025	307,810
AEON Financial Service Co., Ltd. Japan	Japanese Yen	-	-	-	0.58	31,715	18,382
AEON Credit Service Co., Ltd. Japan	Japanese Yen	0.62	6,110,861	3,760,624	0.58	2,506,061	1,452,419
AEON Credit Service Systems (Philippines) INC	US Dollars	65.04	60,430	3,930,580	64.84	132,435	8,586,591

23. Expenditure in foreign currency (on accrual basis) :

Particulars	For the year ended March 31, 2018 Rupees	For the year ended March31, 2017 Rupees
Salaries, allowances and incentives	32,767,845	32,305,274
Software expenses	20,173,368	19,418,245
Membership and Subscription	137,376	142,992
Training expenses	1,138,493	528,528
Miscellaneous expenses	2,914	5,421

24. Contingent Liabilities and Commitments:

During the previous year, the CIT (Appeals) with respect to the demand for Income tax disallowances aggregating Rs.1,051,030/- had decided the matter in favour of the Company. However, the order giving effect of the appeal is pending to be received by the Company.

25. Defined Contribution plan:

i. The Company makes Provident Fund contributions to a defined contribution plan administered by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognized Rs.9,258,934/- (2017: Rs.9,441,649) for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2018. The contribution made by the Company is in accordance with the rules framed by the Government from time to time.

The Company makes contributions to Employees’ State Insurance Corporation at a specified percent of basic salary. The Company has recognized Rs.2,182,536/- (2017: Rs.2,843,187) for Employees’ State Insurance Contribution under staff welfare expenses in the Statement of Profit and Loss for the year ended March 31, 2018.

ii. The Company operates un-funded defined benefit plan for gratuity. The plan provides for a lump sum payment to employee, at retirement, death while in service or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of continuous service. The detail of gratuity plan is as follows:

Description	For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
1. Reconciliation of opening and closing balances of obligation		
a. Opening obligation	3,678,008	3,650,194
b. Current service cost	1,422,707	1,971,503
c. Interest cost	365,082	426,415
d. Actuarial (gain) / losses	(613,657)	(2,370,104)
e. Benefits Paid	(683,885)	-
f. Closing obligation	4,168,255	3,678,008
2. Expense recognised in the Statement of Profit and Loss		
a. Current service cost	1,422,707	1,971,503
b. Interest cost	365,082	426,415
c. Actuarial (gain) / losses	(613,657)	(2,370,104)
d. Expense recognised in the year	1,174,132	27,814
3. Amount recognised in Balance Sheet		
a. Fair value of plan assets as at the year end	-	-
b. Present value of obligation as at the year end	4,168,255	3,678,008
c. Amount recognised in Balance Sheet	4,168,255	3,678,008
4. Actuarial Assumptions		
a. Discount rate (p.a.)	7.80%	7.20%
b. Mortality base	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
c. Turnover rate	2% - 10%	2% - 10%
d. Salary escalation rate	7%	7%
e. Normal retirement age	58 years	58 years

Description	For the year ended March 31, 2018	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016	For the year ended December 31, 2014	For the year ended December 31, 2013
	Rupees	Rupees	Rupees	Rupees	Rupees
5. Experience Adjustments					
a. Present value of obligation	4,168,255	3,678,008	3,650,194	1,264,136	349,200
b. Experience adjustment on plan liabilities	(276,063)	(1,496,500)	(247,110)	70,722	160,346

The identification of vendors as a “Supplier” under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information provided by the vendors to the Company. This has been relied upon by the auditors.

- iii. Compensated absences which are not expected to occur within twelve months after the end of the period in which an employee renders the related service are recognized as liability at the present value of defined benefit obligation as at the Balance Sheet date. Accordingly, an amount of Rs.1,387,567/- has been charged to the Statement of Profit and Loss for the year ended March 31, 2018 (Credited for the year ended March 31, 2017: Rs.92,510)

26. The Company is engaged in the business of financing the purchase of consumer durables in India, which in the context of Accounting Standard 17 “Segment Reporting” constitutes a single reportable business segment.

27. As per Accounting Standard 18 "Related Party Disclosures", the disclosure of transactions with related parties are given below:

List of related parties with whom transactions have taken place and relationship:

(a) Related Party with whom control exists:

Holding Company	AEON Financial Service Co., Ltd. Japan
Joint Venturer	Edelweiss Financial Service Limited (shareholding through ECL Finance Limited, an affiliate of Edelweiss Financial Services Limited) (up to July 25, 2017)

(b) Other Related Parties with whom the Company has transactions:

Fellow Subsidiary	AEON Credit Service (M) Berhad AEON Credit Service Co., Ltd. Japan AEON Credit Service Systems (Philippines) INC AEON Asia SDN. BHD. PT AEON Credit Service Indonesia AEON Specialized Bank (Cambodia) PLC
Key Management Personnel	Jayabalan Ramakrishnan (up to June 28, 2017) Yutaka Sudoh (up to June 28, 2017) Daisuke Maeda (with effect from June 28, 2017) Tomo Sato (with effect from June 28, 2017) Masaki Watanabe

(c) Transactions with related parties during the year and balance as at the year-end:

Nature of transactions	Holding Company							Key Management Personnel
	AEON Financial Service Co., Ltd. Japan	AEON Credit Service Co., Ltd. Japan	AEON Credit Service (M) Berhad	AEON Credit Service Systems (Philippines) INC.	AEON Asia SDN. BHD.	PT AEON Credit Service Indonesia	AEON Specialized Bank (Cambodia) PLC.	
Remuneration:								
Jayabalan Ramakrishnan	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,645,717 (13,481,713)
Masaki Watanabe	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	12,508,405 (9,667,510)
Yutaka Sudoh	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4,575,258 (6,153,393)
Daisuke Maeda	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	11,439,675 (-)
Tomo Sato	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	7,240,678 (-)
Equity contributions	1,590,000,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Software Expenses	- (-)	- (-)	- (-)	22,593,041 (21,228,611)	- (-)	- (-)	- (-)	- (-)
Training (included in other expenses)	127,699 (90,809)	97,601 (437,719)	- (-)	- (-)	613,193 (-)	- (-)	- (-)	- (-)
Staff welfare (included in employee benefits expense)	- (-)	- (-)	- (-)	- (-)	- (-)	78,923 (-)	534,586 (-)	- (-)
Miscellaneous expenses	2,914 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Written back as no longer payable**	- (-)	- (-)	1,204,179 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Balances as at March 31, 2018							-	
Other Current Liabilities:								
Payable to AEON Credit Service (M) Berhad	- (-)	- (-)	- (1,512,439)	- (-)	- (-)	- (-)	- (-)	- (-)
Payable to AEON Financial Service Co., Ltd. Japan*	- (18,382)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Payable to AEON Credit Service Co., Ltd. Japan*	- (-)	3,902,022 (1,452,419)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Trade Payables:								
Payable to AEON Credit Service Systems (Philippines) INC.	- (-)	- (-)	- (-)	3,930,580 (8,586,591)	- (-)	- (-)	- (-)	- (-)
Other current assets:								
Receivable from AEON Financial Service Co., Ltd. Japan*	892,384 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

*Represents reimbursement of salary and other expenses paid on behalf of the Company.

**During the year there were no amounts written off and written back from related parties other than disclosed above.

Note: Figures in bracket relate to previous year

28. (a) Disclosures in respect of assets taken on non-cancellable operating lease under Accounting Standard (AS) 19 – “Leases”.

The Company has taken office premises, residential flats and software on lease. Terms of lease includes operating term for renewal, increase in rent in future period and terms for cancellation where applicable. The lease rental payments are included in “Rent including lease rentals” in Note no. 20.

The minimum lease payments to be made in future towards non-cancellable lease agreements are follows:

Estimated future minimum payments under non-cancellable operating leases	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Not later than one year	25,441,186	12,830,600
Later than one year and not later than five years	82,909,899	2,492,583
Later than five years	-	-
Total	108,351,085	15,323,183

(b) With effect from February 2015, the Company has obtained non-exclusive, non-transferable and non-sub licensable license to use a software for 60 months for a fixed monthly fees of Rs.513,003 per month (equivalent to USD 7,887). The Fee is included in “Software expenses” in Note no. 20.

29. Earnings per equity share:

Particulars		For the year ended March 31, 2018 Rupees	For the year ended March 31, 2017 Rupees
Loss after Tax	A	(270,759,243)	(189,758,051)
Weighted Average number of Equity Shares	B	122,800,000	91,000,000
Basic and Diluted Earnings per share	A/B	(2.20)	(2.09)
Nominal Value of Equity Shares (Rupees)		10	10

30. The components of Company’s deferred tax assets and liabilities are as below. The recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from the timing differences on account of depreciation, reversal of which is virtually certain.

	Amount in Rupees	
	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liability:		
Depreciation	2,776,678	4,701,380
Deferred Tax Assets:		
Section 43B disallowances	1,532,686	3,085,937
Provision for compensated absences	1,009,942	
Provision for doubtful receivables	234,050	1,136,504
Provision for gratuity (Restricted to the extent of Deferred Tax Liability)	-	-
Provision for Doubtful receivable under financing activity (Restricted to the extent of Deferred Tax Liability)	-	478,939
	2,776,678	4,701,380
Deferred Tax Liability (net)	-	-

31. Disclosure of details as required by Revised Para 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1999.

Liabilities Side

Particulars	Amount Outstanding		Amount Overdue	
	March 2018	March 2017	March 2018	March 2017
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures: (other than those falling within the meaning of Public deposit)				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other loans				
(i) Loan from Bank	-	-	-	-
- Working Capital Demand Loan	-	445,100,000	-	-
- Overdraft	-	-	-	-

Assets Side

Particulars	Amount Outstanding	
	March 2018	March 2017
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secured	-	-
b) Unsecured	239,574,811	598,182,624
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
4) Break up of Investments		
Current Investments:		
a) Quoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

Assets Side	Amount in Rupees	
	Particulars	Amount Outstanding March 2018 March 2017
	Long-Term Investments (Net of Provision)	
	a) Quoted:	
	(i) Shares: Equity Preference	- -
	(ii) Debentures and Bonds	- -
	(iii) Units of Mutual Funds	- -
	(iv) Government Securities	- -
	(v) Others	- -
	b) Unquoted:	
	(i) Shares: Equity Preference	- -
	(ii) Debentures and Bonds	- -
	(iii) Units of Mutual Funds	- -
	(iv) Government Securities	- -
	(v) Others	- -
	- Pass through Certificates	- -
	- Security Receipts	- -

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

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	March 2018	March 2017	March 2018	March 2017	March 2018	March 2017
a) Related Parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related Parties	-	-	-	-	-	-
b) Other than related parties	-	-	239,574,811	598,182,624	239,574,811	598,182,624
Total	-	-	239,574,811	598,182,624	239,574,811	598,182,624

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

Particulars	Amount in Rupees			
	Unsecured		Total	
	March 2018	March 2017	March 2018	March 2017
a) Related Parties				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related Parties	-	-	-	-
b) Other than related parties	-	-	-	-
Total	-	-	-	-

7) Other Information	Amount in Rupees	
	Particulars	March 2018 March 2017
	a) Gross Non-Performing Assets	- -
	1) Related parties	11,336,527 77,740,933
	2) Other than related parties	- -
	b) Net Non-Performing Assets	- -
	1) Related parties	- -
	2) Other than related parties	- -
	c) Assets acquired in satisfaction of debt	- -

32. Asset Liability Management

Maturity pattern of certain items of assets and liabilities (based on RBI guidelines)

Particulars	Amount in Rupees		
	Liabilities Borrowings	Assets Advances Investment	
1 day to 30/31 days (One month)	-	26,897,357	-
Over 1 month to 2 months	-	31,338,359	-
Over 2 months up to 3 months	-	29,415,970	-
Over 3 months up to 6 months	-	74,570,609	-
Over 6 months to 1 year	-	69,260,691	-
Over 1 year to 3 years	-	4,991,211	-
Over 3 years to 5 years	-	3,100,614	-
Over 5 years	-	-	-
TOTAL	-	239,574,811	-

Particulars	Amount in Rupees		
	Liabilities Borrowings	Useful Life in years Advances Investment	
1 day to 30/31 days (One month)	110,000,000	24,575,857	-
Over 1 month to 2 months	134,600,000	91,888,645	-
Over 2 months up to 3 months	140,500,000	84,437,239	-
Over 3 months up to 6 months	60,000,000	191,713,319	-
Over 6 months to 1 year	-	198,003,605	-
Over 1 year to 3 years	-	7,563,959	-
Over 3 years to 5 years	-	-	-
Over 5 years	-	-	-
TOTAL	445,100,000	598,182,624	-

33. During the year, the status of the Company has been changed from Non-Banking Financial Company Non-deposit taking Systematically Important (NBFC-ND-SI) to Non-Banking Financial Company Non-deposit taking Non Systematically Important (NBFC-ND-Non SI). Thus the disclosures required as per the Master Direction- Non-Banking Finance Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 are not applicable.

34. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

For Aeon Credit Service India Private Limited

Daisuke Maeda
Managing Director
(DIN: 07854743)

Tomo Sato
Director
(DIN: 07854754)

Sanjaya Kumar Dash
Company Secretary
(M.No. F7043)

Place: Mumbai
Date: May 31, 2018

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