

**AEON CREDIT SERVICE INDIA PVT. LTD.**

**TENTH  
ANNUAL GENERAL MEETING**

**30<sup>TH</sup> JULY, 2021**

**MUMBAI, INDIA**



एऑन क्रेडिट सर्विस इंडिया प्राइवेट लिमिटेड

**AEON CREDIT SERVICE INDIA PVT. LTD.**

Address: Unit No. TF-A-01, 3rd Floor, A wing, Art Guild House, Phoenix Marketcity, LBS Marg, Kurla (West), Mumbai – 400 070. Tel. No. 022 6266 4800, Fax no. 022 6266 4999

CIN : U66000MH2011FTC214516, E-mail : corporate@aeoncredit.co.in, Website : www.aeoncredit.co.in

**NOTICE** is hereby given that the Tenth Annual General Meeting of the Members of AEON Credit Service India Pvt. Ltd. will be held on **Friday, 30<sup>th</sup> July, 2021 at 12:30 PM** via video conferencing 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 31<sup>st</sup> March, 2021, Statement of Profit & Loss and Cash Flow Statement for the Financial Year ended March 31, 2021 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 T R Chadha & Co LLP, Chartered Accountants (ICAI Firm Registration No. 006711N/N500028) be and is hereby appointed as the Statutory Auditors of the Company for five years to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of fifteenth AGM to be held in the FY 2025-26 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. Regularization of Additional Director, Mr. Hideo Tanaka.**

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 provisions of Section 161 and other applicable provisions if any of the Companies Act, 2013, Mr. Hideo Tanaka (DIN- 09193239) who was appointed as an Additional Director by the Board with effect from 1<sup>st</sup> July, 2021 to hold office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

**4. Regularization of Additional Director, Mr. KP Sunil.**

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 provisions of Section 161 and other applicable provisions if any of the Companies Act, 2013, Mr. KP Sunil (DIN- 09199165) who was appointed as an Additional Director by the Board with effect from 1<sup>st</sup> July, 2021 to hold office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."





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## 5. Appointment of Mr. Hideo Tanaka as Managing 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 the provision of Section 196 and 197 read with schedule V of the Companies Act, 2013 and companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), subject to approval of Central Government if required and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, the consent of the Members be and is hereby accorded to the appointment of Mr. Hideo Tanaka (DIN- 09193239) as Managing Director of the company for a period effective from 1<sup>st</sup> July, 2021 to 30<sup>th</sup> June, 2024 on the following terms and conditions including remuneration duly approved by the Board:-

Particulars		(FY 2021-22) w.ef. 1 <sup>st</sup> July	
Currency		JPY	INR
Monthly Remuneration		1,200,000	804,000
Performance Bonus (per annum)	Actual	-	-
	Indicated	4,200,000	2,814,000

*(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** other allowances if any as per company's internal and group policy be extended to Mr. Hideo Tanaka.

The above referred terms and conditions including remuneration, other perquisites and commission as a part of total annual remuneration are subject to further interim revision if any with approvals of AEON Financial Service Co., Ltd., Japan, 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 appointment, his office of Managing 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.

**RESOLVED FURTHER THAT** any of the Directors and/or the Company Secretary of the Company 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. Appointment of Mr. KP Sunil 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 the provision of Section 196 and 197 read with schedule V of the Companies Act, 2013 and companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), subject to approval of Central Government if required and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, the consent of the Members be and is hereby accorded to the appointment of Mr. KP Sunil (DIN- 09199165) as Whole Time Director of the company for a period effective from 1<sup>st</sup> July to 30<sup>th</sup> June, 2024 on the following terms and conditions including remuneration duly approved by the Board:-





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Particulars		(FY 2021-22) w.e.f. 1 <sup>st</sup> July
Currency		INR
Monthly Remuneration		625,000
Performance Bonus (per annum)	Actual	-
	Indicated	820,000

**RESOLVED FURTHER THAT** other allowances if any as decided by the management as per company's internal and group policy be extended to Mr. KP Sunil.

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 if any with approvals of AEON Financial Service Co., Ltd., Japan, 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 appointment, 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.

**RESOLVED FURTHER THAT** any of the Directors and/or the Company Secretary of the Company 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."

**7. Revision in remuneration, performance bonus and other terms & conditions of Mr. Tomo Sato, 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 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 revised monthly remuneration including performance bonus w.e.f 1<sup>st</sup> April, 2021 payable to Mr. Tomo Sato (DIN-07854754) duly approved by the Board as detailed below:-

Particulars		Existing (FY 2020-21)		Revised (FY 2021-22)	
Currency		JPY	INR	JPY	INR
Monthly Remuneration		953,000	638,510	957,000	641,190
Performance Bonus (per annum)	Actual	3,453,000	2,313,510	-	-
	Indicated	-	-	3,101,000	2,077,670

*(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** other allowances if any as decided by the management as per company's internal and group policy be extended to Mr. Tomo Sato.

**RESOLVED FURTHER THAT** any of the Directors and/or the Company Secretary of the company 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."





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**8. Revision in remuneration, performance bonus and other terms and conditions of Mr. Sanjaya Kumar Dash, Whole Time Director and Company Secretary 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 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 revised monthly remuneration including performance bonus w.e.f 1<sup>st</sup> July, 2021 payable to Mr. Sanjaya Kumar Dash (DIN - 08269773) duly approved by the Board as detailed below:-

Particulars		Existing (FY 2020-21)	Revised (FY 2021-22)
Currency		INR	INR
Monthly Remuneration		400,000	450,000
Performance Bonus (per annum)	Actual	150,000	-
	Indicated	-	600,000

**RESOLVED FURTHER THAT** other allowances if any as decided by the management as per company's internal and group policy be extended to Mr. Sanjaya Kumar Dash.

**RESOLVED FURTHER THAT** any of the Directors and/or the Company Secretary of the company 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.”

**Place: Mumbai**

**Date: 30<sup>th</sup> July, 2021**

**Sanjaya Kumar Dash**

**Whole Time Director and Company Secretary**

**NOTES:**

1. In view of the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020, and clarification circular dated January 13, 2021 issued by the Ministry of Corporate Affairs (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act') and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Friday, 30<sup>th</sup> July, 2021 at 12:30 PM (IST). The deemed venue for the 10<sup>th</sup> AGM shall be the Registered Office of the Company.
2. 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. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM OF AGM IS NOT ANNEXED TO THIS NOTICE.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. 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.
5. 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, 7 & 8 is annexed hereto forming part of this Notice.
6. The AGM will be conducted through LARK Suite Communication System. The details will be shared separately via email before the meeting.





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## **EXPLANATORY STATEMENT**

### **ITEM NO. 3**

Mr. Hideo Tanaka was appointed as Additional Director by the Board of Directors on 30<sup>th</sup> June, 2021 to hold office till the conclusion of this Annual General Meeting. The Board, after considering his detailed profile and experience, recommends to the shareholders to approve regularization of Mr. Tanaka as a Director on the Board.

The Company has received consent in writing to act as directors in Form DIR - 2 and intimation in Form DIR - 8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub- section (2) of section 164 of the Companies Act, 2013.

As per provisions of Section 161 and 162 of the Companies Act, 2013 and Rules made thereunder, approval of Members is required by way of passing ordinary resolution at the General Meeting of the company for regularising Mr. Hideo Tanaka as a Director on the Board of the Company.

Except Mr. Hideo Tanaka, 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. 4**

Mr. KP Sunil was appointed as Additional Director by the Board of Directors on 30<sup>th</sup> June, 2021 to hold office till the conclusion of this Annual General Meeting. The Board, after considering his detailed profile and experience, recommends to the shareholders to approve regularization of Mr. Sunil as a Director on the Board.

The Company has received consent in writing to act as directors in Form DIR - 2 and intimation in Form DIR - 8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub- section (2) of section 164 of the Companies Act, 2013.

As per provisions of Section 161 and 162 of the Companies Act, 2013 and Rules made thereunder, approval of Members is required by way of passing ordinary resolution at the General Meeting of the company for regularising Mr. KP Sunil as a Director on the Board of the Company.

Except Mr. KP Sunil, 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**

Mr. Hideo Tanaka was appointed as Managing Director of the company by the Board in its Meeting held on 30<sup>th</sup> June, 2021 for a period effective from 1<sup>st</sup> July, 2021 till 30<sup>th</sup> June, 2024 on such terms and condition including remuneration & other allowances, perquisites etc. if any subject to approval of the Members of the Company in General Meeting pursuant to the provisions of sections 196, 197 and other applicable provision (including statutory modification or re-enactment thereof) of the Companies Act, 2013 read with Article 12 of the Articles of Association of the Company.

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 prescribed under the Companies Act, 2013 and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, approval of Members is required by way of passing special







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resolution at the General Meeting of the company for giving effect to the aforementioned appointment of Mr. Hideo Tanaka as Managing Director including his remuneration and other terms and condition.

The remuneration and other terms and conditions of Mr. Hideo Tanaka as Managing Director are detailed below:-

Particulars		(FY 2021-22) w.ef. 1 <sup>st</sup> July	
Currency		JPY	INR
Monthly Remuneration		1,200,000	804,000
Performance Bonus (per annum)	Actual	-	-
	Indicated	4,200,000	2,814,000

*(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.)*

Other Allowances & Perquisites if any would be as per company's internal and group policy.

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 if any with approvals of AEON Financial Service Co., Ltd., Japan, 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 appointment, his office of Managing 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. Hideo Tanaka, 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

Mr. KP Sunil was appointed as Whole Time Director of the company by the Board in its Meeting held on 30<sup>th</sup> June, 2021 for a period effective from 1<sup>st</sup> July, 2021 till 30<sup>th</sup> June, 2024 on such terms and condition including remuneration & other allowances, perquisites etc. if any subject to approval of the Members of the Company in General Meeting pursuant to the provisions of sections 196, 197 and other applicable provision (including statutory modification or re-enactment thereof) of the Companies Act, 2013 read with Article 12 of the Articles of Association of the Company.

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 prescribed under the Companies Act, 2013 and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, approval of Members is required by way of passing special resolution at the General Meeting of the company for giving effect to the aforementioned appointment of Mr. KP Sunil as Whole Time Director including his remuneration and other terms and condition.

The remuneration and other terms and conditions of Mr. KP Sunil as Whole Time Director are detailed below:-



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Particulars		(FY 2021-22) w.ef. 1 <sup>st</sup> July
Currency		INR
Monthly Remuneration		625,000
Performance Bonus (per annum)	Actual	-
	Indicated	820,000

Other Allowances & Perquisites, if any would be as per company's internal and group policy.

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 if any with approvals of AEON Financial Service Co., Ltd., Japan, 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 appointment, 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. KP Sunil, 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. 7.

As per the Group Companies' policy and norms, the Board considered and approved revision in remuneration of Mr. Tomo Sato as detailed below:-

Particulars		Existing (FY 2020-21)		Revised (FY 2021-22)	
Currency		JPY	INR	JPY	INR
Monthly Remuneration		953,000	638,510	957,000	641,190
Performance Bonus (per annum)	Actual	3,453,000	2,313,510	-	-
	Indicated	-	-	3,101,000	2,077,670

(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.)

Other Allowances & Perquisites, if any would be as per company's internal and group policy.

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, Board of Directors, Members' General Meeting and Central Government if required.

Mr. Sato, being a Director, has attended 12 board meetings during the F.Y. 2020-21.

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 revision in monthly remuneration, performance bonus and an indicated performance bonus payable to Mr. Tomo Sato, Whole Time Director.

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



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**ITEM NO. 8.**

As per the Group Companies' policy and norms, the Board considered and approved revision in remuneration of Mr. Sanjaya Kumar Dash as detailed below:-

Particulars		Existing (FY 2020-21)	Revised (FY 2021-22)
Currency		INR	INR
Monthly Remuneration		400,000	450,000
Performance Bonus (per annum)	Actual	150,000	-
	Indicated	-	600,000

Other Allowances & Perquisites, if any would be as per company's internal and group policy.

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, Board of Directors, Members' General Meeting and Central Government if required.

Mr. Dash, being a Director, has attended 12 board meetings during the F.Y. 2020-21.

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 revision in monthly remuneration, performance bonus and an indicated performance bonus payable to Mr. Sanjaya Kumar Dash, Whole Time Director and Company Secretary.

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

**By order of the Board of Directors**

**Sanjaya Kumar Dash**  
**Whole Time Director and Company Secretary**

**Place: Mumbai**  
**Date: 30<sup>th</sup> July, 2021**



**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 31<sup>st</sup> March, 2021 (Unaudited) based on given indicators

a) Net Profit/(Loss):- INR (840,402,646)

b) Total Assets (INR):-

Financing Receivable	1,496,934,259
Allowance for Bad Debts	(247,290,750)
Cash & Cash equivalents	15,749,880
Other Assets	387,150,759
Total	1,652,544,147

c) Total Liabilities & Equities (INR):-

Total Liabilities	1,087,314,034
Shareholders' Fund	565,230,113
Total	1,652,544,147

(5) Foreign investment or collaboration if any

Foreign Direct Investment: - INR 3,200,000,000 (Share Capital)



## II. INFORMATION ABOUT THE APPOINTEE :

### A. Mr. Hideo Tanaka

#### (1) Background Details

Date of Birth:	13 <sup>th</sup> November, 1970
<b>Qualification and Education Background</b>	
<b>Year</b>	<b>Particulars</b>
1995	Bachelor of Commerce, Waseda University, Tokyo, Japan
<b>Employment History (experience)</b>	
<b>Year</b>	<b>Particulars</b>
1995 - 1997	Asst. Manager, Marketing Dept., AEON Credit Service Co., Ltd. (Duly incorporated in Japan)
1997 - 1999	Asst. Manager, Marketing Dept., AEON Credit Service (Asia) Co., Ltd. (Duly incorporated in Hong Kong)
1999 - 2002	Business Development Division, AEON Credit Service Co., Ltd. (Duly incorporated in Japan)
2002 - 2005	Asst. General Manager – Marketing group, ACS Credit Service (M) Sdn. Bhd. (Duly incorporated in Malaysia)
2005 - 2008	Chief Representative/ Hanoi Representative Office, AEON Thana Sinsap (Thailand) PCL. (Duly incorporated in Thailand)
2008 - 2015	General Director, ACS Trading Vietnam Co., Ltd. (Duly incorporated in Vietnam)
2015 - 2020	Managing Director, AEON Credit Service (Asia) Co., Ltd. (Duly incorporated in Hong Kong)
2020 - Present	Executive Officer Division Deputy Head, Overseas Business Strategy Division AEON Financial Service Co., Ltd. (Duly incorporated in Japan)

(2) Past Remuneration: - Please refer explanatory statement.

(3) Recognition or Awards:- Mr. Hideo Tanaka joined AEON Credit Service Co., Ltd. Japan in the year 1995 as a Sales and Marketing Staff. He has worked with many group companies of AEON and has a vast knowledge in market survey and establishing the business models. He was promoted to Managing Director at AEON Credit Service (Asia) Co., Ltd, Hong Kong in the year 2015.

(4) Job Profile and his suitability:-

- a) Consumer Financing
- b) Sales and Marketing
- c) Business Development

(5) Remuneration Proposed: - Please refer explanatory statement

(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. Hideo Tanaka is comparatively reasonable with respect to industry, size of the company, profile of the position.



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

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

**B. KP SUNIL**

**(1) Background Details**

Date of Birth:	30 <sup>th</sup> May, 1978
<b>Qualification and Education Background</b>	
<b>Year</b>	<b>Particulars</b>
2002	Bachelor of Commerce
2008	Masters in Business Administration
<b>Employment History (experience)</b>	
<b>Year</b>	<b>Particulars</b>
2001-2002	Area Sales Officer, Kinetic Engineering Limited
2002-2005	Product Manager and Regional Manager – Tamil Nadu, Integrated Finance company Limited
2005-2007 2007-2008	Regional Manager – Tamil Nadu & Kerala, TVS Credit Service Limited. Regional Head – Tamil Nadu, Bajaj Auto Finance Limited
2008-2011 2011-2016	General Manager & Zonal Head - South. Sr. Vice President & Chief Operating Officer – Bussan Auto Finance India Private Limited (Subsidiary of MITSUI & Co., Japan)
2017-2018	Sr. Vice President & Business Head , WheelsEMI Private Limited
2018 - Present	Chief Business Officer, AEON Credit Service India Private Limited

(2)Past Remuneration: - Please refer explanatory statement.

(3)Recognition or Awards:- Mr. KP Sunil joined Kinetic Engineering Limited in the year 2001 as an Area Sales Officer. He has around 20 years of experience in Finance Industry and worked with many large NBFCs like Bajaj Auto Finance, TVS Credit Service and Bussan Auto Finance India at various positions managing all aspects of finance business and comes with more than 10 years of experience managing PAN India business as COO and CBO. He has a vast knowledge about the Finance business including establishing finance business, Sales and Marketing, Credit & Risk, Operations and Collections. He joined as a Chief Business Officer; AEON Credit Service India Private Limited in the year 2018.

(4) Job Profile and his suitability:-

- d) Sales and Marketing
- e) Credit & Risk
- f) Operations and Collections

(5)Remuneration Proposed: - Please refer explanatory statement

(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. KP Sunil is comparatively reasonable with respect to industry, size of the company, profile of the position.



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

Mr. KP Sunil 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 manpower, system development and other business setup, resulting thereby loss or inadequate profit. Apart from this our Business volume and revenue generation was also severely impacted due to COVID-19 pandemic.
- (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 in certain 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 - Unaudited)		
Particulars	Mar. 2020	Mar. 2021
Turnover (Sales) (Productivity)	2,648,338,916	655,136,834
Net Profit	(554,601,583)	(840,402,646)



## **DIRECTORS' REPORT**





एऑन क्रेडिट सर्विस इंडिया प्राइवेट लिमिटेड

**AEON CREDIT SERVICE INDIA PVT. LTD.**

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CIN : U66000MH2011FTC214516, E-mail : corporate@aeoncredit.co.in, Website : www.aeoncredit.co.in

## **DIRECTORS' REPORT**

To,

The Members of  
AEON CREDIT SERVICE INDIA PRIVATE LIMITED

The Directors take pleasure in presenting the Tenth Annual Report of your Company together with Audited Financial Statements for the year ended March 31, 2021. 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 2020-21 are governed by the relevant provisions, schedules, rules of the Companies Act, 2013.

## **FINANCIAL PERFORMANCE SUMMARY**

Particulars	Year ended 31 <sup>st</sup> March, 2021 (from 1 <sup>st</sup> Apr. 2020 to 31 <sup>st</sup> Mar. 2021) (In Rupees)	Year ended 31 <sup>st</sup> March, 2020 (from 1 <sup>st</sup> Apr. 2019 to 31 <sup>st</sup> Mar. 2020) (In Rupees)
Gross Income	334,674,878	461,205,701
Expenditure	1,097,605,113	968,329,723
Profit / (Loss) Before Depreciation & Tax	(762,930,235)	(507,124,022)
Less: Depreciation	77,472,411	47,477,561
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	(840,402,646)	(554,601,584)
<b>Balance carried to Balance Sheet</b>	<b>(840,402,646)</b>	<b>(554,601,584)</b>

## **OPERATIONS & PERFORMANCE:**

During the FY 2020 - 21, due to the economic crisis and various restrictions caused by COVID - 19 pandemic, the total sales was dropped by 25% as compared to the last Year. The bad debt provision was recorded at 184% of last year due to additional provisions for the former moratorium billing and restructured loans amounting to INR 194.9 million (60.5% of those outstanding) booked for third quarter. As a result, the operating loss exceeded by INR 547 million (-286 Mn. Vs LY) vs initial budget. On the other hand, the company implemented various countermeasures through the year and could improve the operating profit by INR +27 million as compared to last year in fourth quarter. The company made its best effort for the cost reduction and as a result, HR expenses reduced to 46% as compared to the last year and all other expenses excluding bad debt reduced to 82% of last year. The company stopped Consumer durable loan business which was creating high NPL and mainly focused on Two-wheeler loan since March '21, which improved the quality of portfolio and the profit in fourth quarter. The collection performance of the loan booked after May '20 was good as 98.8% in fourth quarter. The Company, in order to continue its business decided to implement working from home with arrangement of necessary infrastructure after invoking Business Continuity Action Plan (BCP). We considered the Financial Year as preparation period to capture the market demand and completed the core-system replacement in July along with continuous working on developing the New Member application which has revolving loan facility.





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In the first quarter, since nationwide strict lockdown due to Covid-19 pandemic implemented in India from 22nd March 2020, all our merchants stopped working across the country and our sales in first quarter were dropped to INR76.6Mn (9% vs LY). During 2nd quarter, Covid-19 Lockdown was gradually relaxed and Government started un-locking the market and economic activities nationwide. The company enhanced the Two-Wheeler dealer development in Delhi and Bangalore, as a result the sales of Two-wheeler loan has recovered to 84% of last year. The company launched Used Two-Wheeler loan which increased consumer demand and competition. Personal loan sales were 11% of last year since the branches were closed during the lock down. In order to gain the sales under such situation, although the company started online personal loan application, the collection performance wasn't stabilized. As a result, the company put on hold the Personal Loan service in third quarter and focused on the members app only. On the other hand, the company started the development of sales support system especially for Two-wheeler including the automation of Two-wheeler registration documents etc., which put the company in advantage for the sales expansion in the market after COVID pandemic. We plan the sales recovery by Two-wheeler expansion and revolving loan services with new membership application from FY 2021- 22. In the beginning of fourth quarter AEON Financial Service Co. Ltd. Japan our Holding company had come up with further equity capital injection of INR 700 million according to its mid-term plan.

The collection performance at first quarter was significantly dropped to 30.3% due to the lock down restrictions until the end of May and the moratorium from April to Aug imposed by the government. Due to that, the bad debt expenses of FY 2020-21 become 322% vs budget and 186% of last year. Due to such excess bad debt expenses the company provided the option of restructuring loan amounting to INR 80.7 million to customers who were badly affected by the pandemic and including for the moratorium receivable of INR 241.5 million, the company booked the additional provision of INR 194.9 million (60.5%) of all those receivables in the third quarter which is expected bad debt expenses until Jun 2021. The company booked these losses into this financial year to avoid the effect on FY 2021-22. On the other hand, GHP receivable which was causing high NPL have reduced from INR 441.8 Million in first quarter to 42.6 million at fourth quarter and it contributed the stabilization of collection performance in fourth quarter with relaxation of the movement restrictions. D0 collection have improved to 98.2% and bad debt expenses has reduced to 54% vs LY, which is 42% vs revenue at fourth quarter.

The company replaced its Core-system to Finnone system in July 2020 for processing all the new login cases. The company has also started to develop the new membership mobile application. The app will provide facilities such as billing information and offering the special interest rate according to the member status which will change based on the payment history. In addition, revolving loan facility with QR payment function will be deployed which is planned to be launched in middle of 2021-22. In the FY 2021-22, the company will further improve its portfolio and revenue by clearing GHP receivable which was high delinquency, and increase Two-Wheeler loan. In addition, by expanding the revolving loan service for the members mentioned above, the company will improve the profitability and reduce the loss further.

#### **FUTURE OUTLOOK AND BUSINESS PLANS:**

The world is reeling under a crisis of COVID -19 pandemic and India seems to be the most severely affected country during the second wave of the pandemic. Business is largely impacted due to this COVID -19 pandemic. As an organization we are striving to come out of this economic scenario caused by this pandemic. Business on the mid-terms plan and with advice and guidance from our holding company, AEON Financial Service Co., Ltd Japan we continue to focus on transforming our business model from the traditional business model to the digital business model and the development of digital loan products, end to end digital process of asset finance and customer self-help services are in final stages and is expected to go live in the second and third quarter of FY 22. We understand the element of doubts that this pandemic has caused in the minds of the customers and therefore we feel that digitization and automation of services





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can help us over such customer fears, which is important for us to gradually re-gain customer confidence and business through digital transformation.

#### **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 Financial Year 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:**

<b>Particulars</b>	<b>Year ended 31.03.2021 (from 1<sup>st</sup> Apr. 2020 to 31<sup>st</sup> Mar. 2021) (Amount in Rs.)</b>	<b>Year ended 31.03.2020 (from 1<sup>st</sup> Apr. 2019 to 31<sup>st</sup> Mar. 2020) (Amount in Rs.)</b>
Earnings in Foreign Exchange	Nil	Nil
Expenditure in Foreign Exchange	64,164,989	68,738,595

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

All Related Party Transactions which were entered into by your Company during the Financial Year 2020-21 were on an arm's length basis and in the ordinary course of business. There were no materially significant Related Party Transactions entered into by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company. Your Company does not have contracts or arrangements with its Related Parties under Section 188(1) of the Companies Act, 2013, which are not on arm's length basis. Hence the details of such contracts or arrangements with its Related Parties are not required to be disclosed in Form AOC-2 (**Annexure I**) as prescribed under the Companies Act, 2013 and the Rules framed thereunder. Attention of the members is also drawn to the disclosure of transactions with Related Parties as set out in Notes to the Financial Statements.





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

Your 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 comprises of six Directors consisting of three Executive Directors and three Non-Executive Directors.

During the year under review, the management of the Company was carried out by the Board of Directors comprising the following persons and the Board was duly constituted:

- 1) Mr. Daisuke Maeda, Managing Director;
- 2) Mr. Tomo Sato, Whole Time Director;
- 3) Mr. Masaki Watanabe, Whole Time Director;\*
- 4) Mr. Sanjaya Kumar Dash, Whole Time Director and Company Secretary;
- 5) Mr. Tetsuro Takano, Non-Executive Director;
- 6) Mr. Toshimitsu Kure, Non-Executive Director;\*
- 7) Mr. Jangam Rajendra Prasad Ratnarao, Non-Executive Director;\*\*
- 8) Mr. Kumar Rajagopalan, Non-Executive Director.

***\*[Mr. Masaki Watanabe and Mr. Toshimitsu Kure were not associated with the Company w.e.f. 30.06.2020 due to resignation u/s 168 of Companies Act, 2013]***

***\*\*[Mr. JRP Ratnarao, ceased to be the Director w.e.f 01.04.2021 due to his demise]***

### **MEETING OF BOARD OF DIRECTORS:**

The Board of Directors have met twelve times during the financial year under review on 30<sup>th</sup> April, 2020, 29<sup>th</sup> May, 2020, 26<sup>th</sup> June, 2020, 31<sup>st</sup> July, 2020, 28<sup>th</sup> August, 2020, 28<sup>th</sup> September, 2020, 29<sup>th</sup> October, 2020, 27<sup>th</sup> November, 2020, 24<sup>th</sup> December, 2020, 29<sup>th</sup> January, 2021, 26<sup>th</sup> February, 2021 & 30<sup>th</sup> March, 2021.

### **AUDIT COMMITTEE:**

The Audit Committee comprises of three Non-Executive Directors. The Audit Committee have met four times during the financial year under review on 26<sup>th</sup> June, 2020, 28<sup>th</sup> August, 2020, 27<sup>th</sup> November, 2020 and 26<sup>th</sup> February, 2021.

### **RISK MANAGEMENT COMMITTEE:**

The Risk Management Committee comprises of four Directors consisting of three Executive Directors and one Non-Executive Director. The Risk Management Committee have met four times during the financial year under review on 30<sup>th</sup> April, 2020, 31<sup>st</sup> July, 2020, 29<sup>th</sup> October, 2020 and 29<sup>th</sup> January, 2021.





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#### **NOMINATION & REMUNERATION COMMITTEE:**

The Nomination & Remuneration Committee comprises of three Non-Executive Directors. The Nomination & Remuneration Committee have met one time during the financial year under review i.e on 26<sup>th</sup> June, 2020.

#### **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 31<sup>st</sup> March, 2021 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.

#### **ANNUAL RETURN:**

The extract of the Annual Return for the financial year ended 31<sup>st</sup> March, 2021 is attached with the Directors Report in the prescribed format MGT-9 as **Annexure II**. The Company is having website i.e. www.aeoncredit.co.in and the annual return of Company will be published on such website.

#### **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 willingness of M/s T R Chadha & Co LLP to act as Statutory Auditors of the Company for the next five financial years 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 T R Chadha & Co LLP, Chartered Accountants will be appointed as Statutory Auditors of the Company for a period of five years with effect from Financial Year 2021-22 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.





**SECRETARIAL AUDITOR:**

The Board has appointed M/s DSM & Associate, Practicing Company Secretary, Mumbai to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 is annexed herewith and marked as **Annexure III** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**DETAILS OF FRAUD REPORTED BY THE AUDITOR:**

As per auditor's report, no fraud u/s 143(12) has been reported by the Auditor.

**TRANSFER TO RESERVE:**

No amount was transferred to the reserves during the financial year ended 31<sup>st</sup> March, 2021.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013, and hence it is not required to formulate policy on Corporate Social Responsibility.

**RISK MANAGEMENT POLICY:**

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have also been formulated and clearly spelled out in the said policy.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

**COST RECORD:**

The provision of Cost audit as per section 148 of the Companies Act, 2013 is not applicable on the Company.

**CONSTITUTION OF COMMITTEE ON SEXUAL HARASSMENT AT WORKPLACE:**

The Company has zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to enquire into complaints of sexual harassment and recommend appropriate action.

The following is the summary of sexual harassment complaints received and disposed off during the year 2020-21:

No of complaints received: 1

No of complaints disposed off : 1





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Your Company has been conducting awareness campaign across all its units/offices to encourage its employees to be more responsible and alert while discharging their duties.

**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**

田中秀夫

**PLACE: Tokyo, Japan**

**DATE: 30<sup>th</sup> July, 2021**

**HIDEO TANAKA  
MANAGING DIRECTOR**



Planting Seeds of Growth  
We are AEON

**Annexure-I**

**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

For and on behalf of the Board

田中秀夫

HIDEO TANAKA  
MANAGING DIRECTOR

PLACE: Tokyo, Japan

DATE: 30<sup>th</sup> July, 2021



**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2021

[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: - U66000MH2011FTC214516
- (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:** Satellite Corporate Services Pvt. Ltd  
Office no.106 & 107, Dattani Plaza,  
East West Compound,  
Andheri Kurla Road,  
Sakinaka- Mumbai-400070  
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:-

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN/REGN. No.	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARE HELD	APPLICABLE SECTION
1.	AEON FINANCIAL SERVICE CO., LTD.  ADDRESS: 1-1, Kandanishiki-Cho, Chiyoda-ku, Tokyo, Japan	0100-01-010887	Holding Company	94.31	Section 2(46) of Companies Act, 2013
2.	AEON Credit Service(M) Berhad  ADDRESS: 12 <sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia	412767-V	Associate Company	5.69	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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of shares	
<b>A. Promoters</b>	-	-	-	-	-	-	-	-	-
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total -(A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									



a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	18,200,000	18,200,000	7.28	-	18,200,000	18,200,000	5.69	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total –(A) (2)</b>	-	18,200,000	18,200,000	7.28	-	18,200,000	18,200,000	5.69	-
<b>Total Shareholding of Promoter(A)=(A)(1) + (A) (2)</b>	-	18,200,000	18,200,000	7.28	-	18,200,000	18,200,000	5.69	-
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total –(B) (1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institution</b>									
<b>a) Bodies Corporate</b>									
<b>i) Indian</b>	-	-	-	-	-	-	-	-	-
<b>ii) Overseas</b>	-	231,800,000	231,800,000	92.72	-	301,800,000	301,800,000	94.31	-



<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total -(B) (2)</b>	-	231,800,000	231,800,000	92.72	-	301,800,000	301,800,000	94.31	-
<b>Total Public Shareholding(B) =(B)(1) + (B)(2)</b>	-	231,800,000	231,800,000	92.72	-	301,800,000	301,800,000	94.31	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>250,000,000</b>	<b>250,000,000</b>	<b>100</b>	-	<b>320,000,000</b>	<b>320,000,000</b>	<b>100</b>	-

**(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	
1	AEON Credit Service(M) Berhad	18,200,000	7.28	-	18,200,000	5.69	-	(1.59)
3	Total	<b>18,200,000</b>	<b>7.28</b>	-	<b>18,200,000</b>	<b>5.69</b>	-	(1.59)





(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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>AEON Financial Service Co., Ltd., Japan</b>				
	At the beginning of the year	231,800,000	92.72	231,800,000	92.72
	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 70,000,000 to AFS Japan on 15.01.2021)	70,000,000	1.59	70,000,000	1.59
	At the end of the year	301,800,000	94.31	301,800,000	94.31

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
<b>2</b>	<b>AEON Credit Service(M) Berhad</b>				
	At the beginning of the year	18,200,000	7.28	18,200,000	7.28
	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.)  (Allotment of new shares (Right issue)70,000,000 to AFS Japan on 15.01.2021)	-	(1.59)	-	(1.59)
	At the end of the year	18,200,000	5.69	18,200,000	5.69

(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.)
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount		1,464,500,000		1,464,500,000
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		-		-
Total (I + ii + iii)		-		-
Change in Indebtedness during the financial year				
• Addition		1,366,850,000		1,366,850,000
• Reduction				
<b>Net Change</b>		(1,366,850,000)		(1,366,850,000)
Indebtedness at the end of the financial year		-		-
i) Principal Amount		976,500,000		976,500,000
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		-		-
Total (i+ii+iii)		976,500,000		976,500,000

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Mr. Daisuke Maeda Managing Director (Rs.)	Mr. Masaki Watanabe, Whole Time Director (Rs.) (Till June 2020)	Mr. Tomo Sato Whole Time Director (Rs.)	Mr. Sanjaya Kumar Dash, Whole Time Director (Rs)	Total Amount (Rs.)
<b>1</b>	<b>Gross Salary</b>					
	(a) Salary as per provisions contained in section	14,130,686	1,386,420	10,026,386	5,170,000	30,713,492

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	17(1) of the Income Tax Act, 1961					
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	2,659,288	231,242	1,682,017	76,200	4,648,747
	(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	-	-	-	-	-
	<b>Total(A)(1)</b>	16,789,974	1,617,662	11,708,403	5,246,200	35,362,239
	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**

**PLACE: Tokyo, Japan**  
**DATE: 30<sup>th</sup> July, 2021**

**For and on behalf of the Board**



田中秀夫

**HIDEO TANAKA**  
**MANAGING DIRECTOR**

**Annexure-III**

**SECRETARIAL AUDIT REPORT**

**For the Financial Year ended 31<sup>st</sup> March, 2021**

*[Pursuant to section 204(1) of the Companies Act, 2013 and the Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To,**

**The Members of**

**Aeon Credit Service India Private Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aeon Credit Service India Private Limited** (CIN: U66000MH2011FTC214516) (hereinafter called "The Company"). We have conducted Secretarial Audit in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Due to restricted movement and COVID-19 pandemic, we have conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 ("Audit Period"), generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:





We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- ~~(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under~~
- ~~(iii) The Depositories Act, 1996 and the regulations and bye laws framed there under~~
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- ~~(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act)~~
  - ~~a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;~~
  - ~~b) SEBI (Prohibition of Insider Trading) Regulations, 2015;~~
  - ~~c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;~~
  - ~~d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;~~
  - ~~e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;~~
  - ~~f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;~~
  - ~~g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and~~
  - ~~h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;~~
  - ~~i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;~~

The Company is not a listed Company and hence above Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the Company for the period under review.





(vi) Other specifically applicable laws to the Company during the period under review;

- (i) Income Tax Act, 1961;
- (ii) Goods and Service Tax Act,
- (iii) RBI Master Direction – Non Banking Financial Company – Non Systematically Important Non Deposit Taking Company (Reserve Bank) Directions, 2016;
- (iv) Public Liability Insurance Act, 1991;
- (v) Registration Act, 1908;
- (vi) Indian Stamp Act, 1899;
- (vii) Indian Contract Act, 1872;
- (viii) Negotiable Instrument Act, 1881;
- (ix) Information Technology Act, 2000;
- (x) Prevention of Money Laundering Act, 2002;
- (xi) Consumer Protection Act, 1986;

We have also examined compliance with the applicable clause of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) ~~The Listing Agreement entered into by the Company with The Bombay Stock Exchange or Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015~~

Based on the aforesaid information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days (or such other number of days as specified by Directors) in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

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





Based on the information provided and the representation made by the Company, in our opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

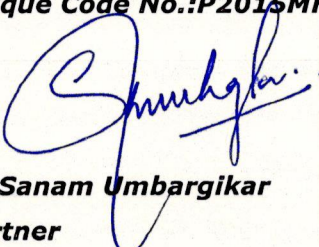
We further report that during the audit period:

1. The Company has issued and allotted 7,00,00,000 (Seven Crores Only) Equity Shares of face value of Rs.10/- (Rupees Ten Only) each to AEON Financial Services Co. Limited, Japan, vide circular resolution dated 15<sup>th</sup> January, 2021;

and there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

**For DSM & Associates,  
Company Secretaries**

**Unique Code No.:P2015MH038100.**

  
**CS Sanam Umbargikar**  
**Partner**  
**M.No.26141.**  
**CP No.9394.**



**UDIN: A026141C000703158.**

Date: 30<sup>th</sup> July, 2021.

Place: Mumbai.



**To,**

**The Board of Directors**

**Aeon Credit Service India Private Limited**

**Dear Sirs,**

**Subject: Secretarial Audit Report for financial year ended 31<sup>st</sup> March, 2021.**

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For DSM & Associates,**

**Company Secretaries**

**Unique Code No.: P2015MH038100.**

**CS Sanam Umbargikar**

**Partner**

**M.No.26141.**

**CP No.9394.**

**UDIN: A026141C000703158.**



Date: 30<sup>th</sup> July, 2021.

Place: Mumbai.

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENT**

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of AEON CREDIT SERVICE INDIA PRIVATE LIMITED Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of AEON Credit Service India Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity 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, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and its loss, its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### **Emphasis of Matter**

As more fully described in note 35 to assess the recoverability of certain assets, the Company has considered information available with the Company upto the date of this report in respect of the current and estimated future global including Indian economic indicators consequent to the global health pandemic. The Company expects to recover the carrying amount of these assets. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our opinion is not modified in respect of this matter.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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



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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows of the Company in accordance with the 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

1. As required by 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 specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
  - h) 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)  
(UDIN: 21046930AAAADN3542)

Place: Mumbai  
Date: 30<sup>th</sup> July, 2021

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) 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 31<sup>st</sup> March, 2021 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 issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 on Audit of Internal Financial Controls Over Financial Reporting (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 31<sup>st</sup> March, 2021, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For DELOITTE HASKINS & SELLS  
Chartered Accountants



Rupen K. Bhatt  
(Partner)  
(Membership No. 046930)  
(UDIN: 21046930AAAAADN3542)

Place: Mumbai  
Date: 30<sup>th</sup> July, 2021

**ANNEXURE "B" 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)

- (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, 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, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable except the following:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the Amount Relates</b>	<b>Due Date</b>	<b>Date of subsequent payment</b>
Employees' State Insurance Act, 1948	Employees' State Insurance	1,014	September, 2020	15 <sup>th</sup> October, 2020	Not paid till date
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	535	Prior to April 2020		Not paid till date
Labour Welfare Fund	Labour Welfare Fund	1,054	Prior to April 2020		Not paid till date

- (c) There are no dues of Income-tax and Goods and Services tax as on 31<sup>st</sup> March, 2021 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 and section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions 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)  
(UDIN: 21046930AAAADN3542)

Place: Mumbai  
Date: 30<sup>th</sup> July, 2021

AEON CREDIT SERVICE INDIA PRIVATE LIMITED  
Balance Sheet as at March 31, 2021

Particulars	Note No.	Amount in Rupees	
		As at March 31, 2021	As at March 31, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	3,200,000,000	2,500,000,000
Reserves and surplus	4	(2,634,769,887)	(1,794,367,241)
		<b>565,230,113</b>	<b>705,632,759</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	13,958,844	13,326,622
Deferred tax liability (net)	30	-	-
<b>Current liabilities</b>			
Short-term borrowings	6	976,500,000	1,464,500,000
Trade payables	7		
(i) Total outstanding dues of Micro, Small and Medium Enterprises		108,813	3,939,836
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		63,242,340	60,719,155
Other current liabilities	8	28,967,309	41,828,811
Short-term provisions	9	5,027,470	6,279,045
		<b>1,073,845,932</b>	<b>1,577,266,847</b>
<b>TOTAL</b>		<b>1,653,034,889</b>	<b>2,296,226,228</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Property, plant and equipment	10a	52,779,662	70,282,369
Intangible assets	10a	138,539,113	57,591,945
Capital work-in-progress		49,613,485	137,116,341
Long-term loans and advances	11	31,338,292	78,010,280
Receivables under financing activity - Non-current	12a	1,048,191,322	1,396,268,254
		<b>1,320,461,874</b>	<b>1,739,269,189</b>
<b>Current assets</b>			
Receivables under financing activity - Current	12b	201,452,187	467,672,074
Cash and cash equivalents	13	15,749,880	32,105,261
Short-term loans and advances	14	39,691,955	13,303,751
Other current assets	15	75,678,993	43,875,953
		<b>332,573,015</b>	<b>556,957,039</b>
<b>TOTAL</b>		<b>1,653,034,889</b>	<b>2,296,226,228</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

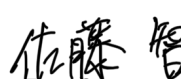


Rupen K. Bhatt  
Partner

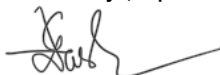
For AEON Credit Service India Private Limited



Hideo Tanaka  
Managing Director  
(DIN: 09193239)  
Place: Tokyo, Japan



Tomo Sato  
Director  
(DIN: 07854754)  
Place: Tokyo, Japan



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

Place: Mumbai  
Date: July 30, 2021

Place: Mumbai  
Date: July 30, 2021



**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2021**

Amount in Rupees

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	16	300,312,172	434,166,107
Other income	17	34,362,706	27,039,594
<b>Total Revenue</b>		<b>334,674,878</b>	<b>461,205,701</b>
<b>Expenses</b>			
Employee benefits expense	18	297,543,692	382,474,925
Finance costs	19	82,565,569	62,236,544
Depreciation/Amortisation expense	10b	77,472,411	47,477,561
Other expenses	20	717,495,852	523,618,255
<b>Total Expenses</b>		<b>1,175,077,524</b>	<b>1,015,807,285</b>
<b>Loss before tax</b>		<b>(840,402,646)</b>	<b>(554,601,584)</b>
<b>Less: Tax expense</b>			
(a) Current tax expense		-	-
(b) Deferred tax	30	-	-
<b>Loss after tax</b>		<b>(840,402,646)</b>	<b>(554,601,584)</b>
<b>Earnings per share (Face value of shares Rs. 10 each)</b>	29		
(a) Basic		(3.18)	(2.22)
(b) Diluted		(3.18)	(2.22)

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: July 30, 2021

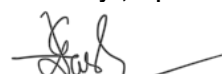
For AEON Credit Service India Private Limited



Hideo Tanaka  
Managing Director  
(DIN: 09193239)  
Place: Tokyo, Japan



Tomo Sato  
Director  
(DIN: 07854754)  
Place: Tokyo, Japan



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

Place: Mumbai  
Date: July 30, 2021



AEON CREDIT SERVICE INDIA PRIVATE LIMITED  
Cash Flow Statement for the year ended March 31, 2021

		Amount in Rupees	
Particulars		For the year ended March, 2021	For the year ended March, 2020
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Loss before tax	(840,402,646)	(554,601,584)
	<i>Adjustment for:</i>		
	Depreciation and amortisation expense	77,472,411	47,477,561
	Interest from banks on deposits	(49,886)	(33,026)
	Interest income from financing activity	(286,573,808)	(372,425,083)
	Interest on borrowings	79,342,555	60,555,740
	Write off of Security Deposit	1,170,000	31,000
	Loss on sale of Property, plant and equipment	557,431	-
	Provision for retirement benefits	613,877	4,879,086
	Provision for doubtful receivables under financing activity	182,234,126	7,115,843
	Contingent provision against standard assets	(1,233,230)	1,845,285
	Provision for utilised Input tax Credit	47,945,115	-
	(Gain) / Loss on foreign exchange translation (net)	(32,324)	448,896
		101,446,267	(250,104,698)
	<i>Operating Loss before Working Capital changes</i>	(738,956,379)	(804,706,282)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Receivables under financing activity - Non current	278,920,970	(1,085,193,950)
	Receivables under financing activity - Current	153,141,710	354,053,438
	Long-term loans and advances	(5,904,961)	(28,068,519)
	Other current assets	(15,057,849)	-
	Short-term loans and advances	(26,388,204)	(2,846,426)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	(1,307,838)	(6,368,296)
	Other current liabilities	(6,560,945)	5,910,882
	<b>Cash used in operations after working capital changes and before adjustments for interest received and interest paid</b>	<b>(362,113,496)</b>	<b>(1,567,219,153)</b>
	Interest received	273,056,710	353,570,701
	Interest paid	(79,342,555)	(60,555,740)
	<b>Cash used in operations</b>	<b>(168,399,342)</b>	<b>(1,274,204,192)</b>
	Income-tax paid (taxes deducted at source) (net)	880,858	1,607,905
	<b>NET CASH FLOW USED IN OPERATING ACTIVITIES (A)</b>	<b>(167,518,483)</b>	<b>(1,272,596,287)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Interest from banks on deposits	28,009	165,164
	Purchase of Property, plant and equipment including capital advance	(61,058,905)	(208,088,204)
	Proceeds from deposits not considered as cash and cash equivalents	529,494	500,000
	Sale of property, plant and equipment	194,000	-
	Bank balance not considered as cash and cash equivalents - Placed	(1,557,503)	(529,494)
	<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(61,864,905)</b>	<b>(207,952,534)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	(Repayment) / Proceeds from unsecured working capital demand loan (net)	(488,000,000)	1,464,500,000
	Proceeds from issue of share capital	700,000,000	-
	<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>212,000,000</b>	<b>1,464,500,000</b>
	<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(17,383,388)</b>	<b>(16,048,821)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>31,575,767</b>	<b>47,624,588</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>14,192,377</b>	<b>31,575,767</b>
		<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
	Cash in hand	-	-
	Balance with banks:		
	In current accounts	14,192,377	31,575,767
	In other deposit accounts	1,557,503	529,494
	<b>Cash and cash equivalents as at the end of the year</b>	<b>15,749,880</b>	<b>32,105,261</b>
	<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
	Cash and cash equivalents (Refer note 13)	15,749,880	32,105,261
	Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
	In other deposit accounts		
	- original maturity more than 3 months	1,557,503	529,494
	<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)</b>	<b>14,192,377</b>	<b>31,575,767</b>

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

For Deloitte Haskins & Sells  
Chartered Accountants



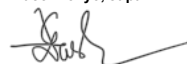
Rupen K. Bhatt  
Partner

Place: Mumbai  
Date: 30th July, 2021

For AEON Credit Service India Private Limited

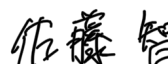


Hideo Tanaka  
Managing Director  
(DIN: 09193239)  
Place: Tokyo, Japan



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

Place: Mumbai  
Date: 30th July, 2021



Tomo Sato  
Director  
(DIN: 07854754)  
Place: Tokyo, Japan





# AEON CREDIT SERVICE INDIA PRIVATE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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, two-wheelers, used cars, commercial cars and granting of personal loans.

### 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.



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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 which includes provision on standard assets and the additional provision on moratorium cases in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020. 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 made, as mentioned in (ii) above, 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 basis.



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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.



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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.



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

**Note 3: Share capital**

Particulars	As at	Amount in Rupees As at
	March 31, 2021	March 31, 2020
<b>A Authorised:</b>		
320,000,000 (2020: 250,000,000) Equity Shares of Rs. 10 each with voting rights	3,200,000,000	2,500,000,000
<b>B Issued, subscribed and fully paid-up</b>		
320,000,000 (2020: 250,000,000) Equity Shares of Rs. 10 each with voting rights	3,200,000,000	2,500,000,000

**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, 2021			
Number of shares	250,000,000	70,000,000	320,000,000
Amount in Rupees	2,500,000,000	700,000,000	3,200,000,000
Year ended March 31, 2020			
Number of shares	250,000,000	-	250,000,000
Amount in Rupees	2,500,000,000	-	2,500,000,000

**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, 2021		As at March 31, 2020	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
AEON Financial Service Co., Ltd. Japan, the holding company	301,800,000	94%	231,800,000	93%
AEON Credit Service (M) Berhad, a subsidiary of the holding company	18,200,000	6%	18,200,000	7%

**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, 2021		As at March 31, 2020	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
AEON Financial Service Co., Ltd. Japan	301,800,000	94%	231,800,000	93%
AEON Credit Service (M) Berhad	18,200,000	6%	18,200,000	7%

**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.



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

	Amount in Rupees	
	As at March 31, 2021	As at March 31, 2020
<b>Note 4: Reserves and surplus</b>		
Opening balance of Statement of Profit and Loss	(1,794,367,241)	(1,239,765,657)
Add: Loss for the year	(840,402,646)	(554,601,584)
Closing balance	<b>(2,634,769,887)</b>	<b>(1,794,367,241)</b>
<b>Note 5: Long-term provisions</b>		
Provision for employee benefits		
Gratuity	8,099,565	7,144,102
Compensated absences	5,859,279	6,182,520
<b>Total</b>	<b>13,958,844</b>	<b>13,326,622</b>
<b>Note 6: Short-term borrowings</b>		
Unsecured Working Capital demand loan from Bank	<b>976,500,000</b>	<b>1,464,500,000</b>
<b>Note 7: Trade payables</b>		
Total outstanding dues of micro, small and medium enterprises (Refer Note 21)	108,813	3,939,836
Others- Total outstanding dues of creditors other than micro, small and medium enterprises (Refer Note 21 and Note 27)	63,242,340	60,719,155
<b>Total</b>	<b>63,351,153</b>	<b>64,658,991</b>
<b>Note 8: Other current liabilities</b>		
Other payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, etc.)	2,119,296	11,849,652
Income received in Advance	4,054,736	252,477
Refund payable to customers	8,916,483	11,121,420
Unallocated credit from customers	12,004,963	8,165,730
Payable for property, plant and equipment (Refer Note 27)	-	6,758,974
AEON Financial Service Co., Ltd. Japan (Refer Note 27)	490,740	645,243
AEON Credit Service Co., Ltd. Japan (Refer Note 27)	1,381,091	2,301,478
AEON Bank Ltd. (Refer Note 27)	-	733,836
<b>Total</b>	<b>28,967,309</b>	<b>41,828,811</b>
<b>Note 9: Short Term Provisions</b>		
Provision for employee benefits		
Gratuity	485,050	424,045
Compensated absences	1,018,003	1,097,353
Contingent provision against standard assets (Refer Note 2(h)(iii))	3,524,417	4,757,647
<b>Total</b>	<b>5,027,470</b>	<b>6,279,045</b>



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

**Note 10 a: Fixed assets**

Amount in Rupees

	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
Particulars	As at March 31, 2020	Additions during the year	Deductions and adjustments	As at March 31, 2021	As at March 31, 2020	For the year	Deductions and adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>Property, plant and equipment</b>										
Furniture and fixtures	11,916,168 (8,065,140)	224,496 (3,851,028)	309,246 (-)	<b>11,831,418</b> <b>(11,916,168)</b>	4,238,950 (2,247,942)	2,185,351 (1,991,008)	120,986 (-)	<b>6,303,315</b> <b>(4,238,950)</b>	5,528,103	(7,677,218)
Office equipment	9,769,788 (7,993,585)	43,916 (1,776,203)	8,990 (-)	<b>9,804,714</b> <b>(9,769,788)</b>	5,489,091 (4,021,247)	1,426,698 (1,467,844)	1,390 (-)	<b>6,914,399</b> <b>(5,489,091)</b>	2,890,315	(4,280,697)
Leasehold improvements	61,334,084 (37,636,010)	551,810 (23,698,074)	12,179,416 (-)	<b>49,706,478</b> <b>(61,334,084)</b>	21,995,457 (7,290,170)	21,029,280 (14,705,287)	12,121,355 (-)	<b>30,903,382</b> <b>(21,995,457)</b>	18,803,096	(39,338,627)
Computers	85,468,981 (72,698,362)	23,092,630 (12,770,619)	415,358 (-)	<b>108,146,253</b> <b>(85,468,981)</b>	66,483,154 (53,710,786)	16,288,801 (12,772,368)	183,850 (-)	<b>82,588,105</b> <b>(66,483,154)</b>	25,558,148	(18,985,827)
<b>Total (A)</b>	<b>168,489,021</b>	<b>23,912,852</b>	<b>12,913,010</b>	<b>179,488,862</b>	<b>98,206,652</b>	<b>40,930,130</b>	<b>12,427,581</b>	<b>126,709,201</b>	<b>52,779,662</b>	
Previous Year	(126,393,097)	(42,095,924)	(-)	(168,489,021)	(67,270,145)	(30,936,507)	(-)	(98,206,652)		(70,282,369)
<b>Intangible Assets*:</b>										
Computer software	94,826,222 (58,778,508)	117,723,292 (36,047,714)	479,027 (-)	<b>212,070,487</b> <b>(94,826,222)</b>	37,234,277 (20,693,223)	36,542,281 (16,541,054)	245,184 (-)	<b>73,531,374</b> <b>(37,234,277)</b>	138,539,113	(57,591,945)
<b>Total (B)</b>	<b>94,826,222</b>	<b>117,723,292</b>	<b>479,027</b>	<b>212,070,487</b>	<b>37,234,277</b>	<b>36,542,281</b>	<b>245,184</b>	<b>73,531,374</b>	<b>138,539,113</b>	
Previous Year	(58,778,508)	(36,047,714)	(-)	(94,826,222)	(20,693,223)	(16,541,054)	(-)	(37,234,277)		(57,591,945)
<b>Total (A+B)</b>	<b>263,315,243</b>	<b>141,636,144</b>	<b>13,392,037</b>	<b>391,559,350</b>	<b>135,440,929</b>	<b>77,472,411</b>	<b>12,672,765</b>	<b>200,240,575</b>	<b>191,318,775</b>	
Previous Year	(185,171,605)	(78,143,638)	(-)	(263,315,243)	(87,963,368)	(47,477,561)	(-)	(135,440,929)		(127,874,314)

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

\*There are no internally generated intangible assets.



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**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, 2021	For the year ended March 31, 2020
Depreciation on Property, plant and equipment as per Note 10a	40,930,130	30,936,507
Amortisation on intangible assets as per Note 10a	36,542,281	16,541,054
<b>Total</b>	<b>77,472,411</b>	<b>47,477,561</b>



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

	As at March 31, 2021	Amount in Rupees As at March 31, 2020
<b>Note 11: Long-term loans and advances (Unsecured, considered good)</b>		
Capital Advance	-	1,035,500
Security deposit	15,854,336	24,421,201
Advance Income-tax (Tax deducted at source) (Refer Note 24)	-	3,596,334
<b>Balances with government authorities</b>		
Goods and Services Tax Credit Receivable	63,429,071	48,957,245
Less: Provision for unutilised Input Tax Credit balance	47,945,115	-
Net Goods and Services Tax Credit Receivable	15,483,956	48,957,245
<b>Total</b>	<b>31,338,292</b>	<b>78,010,280</b>
<b>Note 12 (a): Receivables under financing activity- Non current*</b>		
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	54,088,171	-
Unsecured, considered doubtful	52,507,463	541,089
	106,595,634	541,089
Less: Provision for doubtful receivables under financing activity	52,507,463	541,089
	54,088,171	-
Others		
Unsecured, considered good	994,103,151	1,396,268,254
Unsecured, considered doubtful	36,444,008	19,254,420
	1,030,547,159	1,415,522,674
Less: Provision for doubtful receivables under financing activity	36,444,008	19,254,420
	994,103,151	1,396,268,254
<b>Total</b>	<b>1,048,191,322</b>	<b>1,396,268,254</b>
<b>Note 12 (b): Receivables under financing activity- Current*</b>		
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	22,959,191	-
Unsecured, considered doubtful	45,261,630	2,624,890
	68,220,821	2,624,890
Less: Provision for doubtful receivables under financing activity	45,261,630	2,624,890
	22,959,191	-
Others		
Unsecured, considered good	178,492,996	467,672,074
Unsecured, considered doubtful	113,077,649	42,636,212
	291,570,645	510,308,286
Less: Provision for doubtful receivables under financing activity	113,077,649	42,636,212
	178,492,996	467,672,074
<b>Total</b>	<b>201,452,187</b>	<b>467,672,074</b>

\*The fair value of assets financed is not ascertainable and hence all the loans are disclosed as unsecured.



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

Amount in Rupees

	As at March 31, 2021	As at March 31, 2020
<b>Note 13: Cash and cash equivalents</b>		
Cash in hand	-	-
Balances with banks: (Refer note below)		
In current accounts	14,192,377	31,575,767
In other deposit accounts	1,557,503	529,494
<b>Total</b>	<b>15,749,880</b>	<b>32,105,261</b>

**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. 1,557,503 (Previous year; Rs.529,494)

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

Security deposits	10,008,049	5,065,808
Prepaid expenses	22,911,125	8,231,443
Advance to merchant and employees	6,772,781	6,500
<b>Total</b>	<b>39,691,955</b>	<b>13,303,751</b>

**Note 15: Other current assets**

Receivable from AEON Financial Service Co., Ltd. Japan	1,364,014	-
Receivable from Government of India towards Ex-gratia (Refer Note 36)	14,184,575	-
Interest accrued on deposits	21,877	-
Accrued interest from financing activity	57,393,051	43,875,953
Advance Income-tax (Tax deducted at source)	2,715,476	-
	<b>75,678,993</b>	<b>43,875,953</b>



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**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

Notes forming part of the Financial Statements

Amount in Rupees

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Note 16: Revenue from operations</b>		
Interest income from financing activity	286,573,808	372,425,083
Processing fees	13,738,364	61,741,024
<b>Total</b>	<b>300,312,172</b>	<b>434,166,107</b>
<b>Note 17: Other income</b>		
Penalty recovered for banking instruments dishonoured	9,138,207	10,140,673
Recovery from written off asset	18,652,456	5,493,426
Interest from banks on deposits	49,886	33,026
Unallocated credit from customers written back	2,680,660	9,898,326
Miscellaneous income	3,608,034	1,360,645
Interest on Income Tax Refund	233,463	113,498
<b>Total</b>	<b>34,362,706</b>	<b>27,039,594</b>
<b>Note 18: Employee benefits expense</b>		
Salaries, allowances and incentives ** (Refer Note 23 and Note 27)	279,520,511	351,869,626
Contribution to provident fund (Refer Note 25)	12,603,992	20,161,828
Gratuity (Refer Note 25)	2,162,199	2,684,381
Staff welfare expenses (Refer Note 25)	3,256,990	7,759,090
<b>Total</b>	<b>297,543,692</b>	<b>382,474,925</b>
<b>Note 19: Finance costs</b>		
Interest on borrowings	79,342,555	60,555,740
Corporate guarantee fees (Refer Note 23 and 27)	2,778,139	1,027,383
Bank charges	440,212	630,713
Interest on delayed statutory payments	4,663	22,708
<b>Total</b>	<b>82,565,569</b>	<b>62,236,544</b>
<b>Note 20: Other expenses</b>		
Power and fuel	2,296,267	3,242,820
Rent including lease rentals (Refer Note 28)	51,843,838	50,692,577
Repairs and maintenance - Others	44,938,860	23,417,131
Insurance	1,382,126	1,027,063
Rates and taxes	6,443,382	2,785,803
Communication expenses	5,333,313	6,445,795
Travelling expenses	4,829,263	16,992,612
Postage and courier expenses	666,863	5,604,111
Printing and stationery	477,082	2,551,444
Legal and professional (Refer Note 23)	6,014,291	6,709,481
Payment to auditors (Refer Note below)	3,874,287	3,806,397
Customer credit appraisals	18,512,586	66,237,503
Transaction processing charges	4,225,458	9,374,550
Loss on sale of property, plant and equipment	159,431	-
Loss on disposal of property, plant and equipment	398,000	-
Brokerage	129,900	881,000
Business promotion (Refer Note 23)	4,413,744	10,926,078
Provision for doubtful receivables under financing activity	504,986,930	271,379,932
Contingent Provision against standard assets	(1,233,230)	1,845,285
Write off - Receivables under financing activity	322,752,804	-
Less: Provision held	<u>322,752,804</u>	-
Loss on foreign exchange translation (net)	607,932	2,370,948
Software expenses (Refer Note 23 and Note 27)	3,933,440	25,608,606
Security deposit written off	1,170,000	31,000
Office expenses	2,156,779	5,456,830
Corporate Social Responsibility Expenses	-	40,754
Provision for unutilised Input Tax Credit	47,945,115	-
Miscellaneous expenses (Refer Note 27)	1,990,195	6,190,535
<b>Total</b>	<b>717,495,852</b>	<b>523,618,255</b>

**Note:**

Payments to the auditors comprises (including goods and services tax):

As auditors-statutory audit	1,498,750	1,444,250
For taxation matters	381,500	354,250
For other services*	1,994,037	1,986,900
Reimbursement of expenses	-	20,997
<b>Total</b>	<b>3,874,287</b>	<b>3,806,397</b>

\*Represents payments of Rs. 1,612,537 (2020: Rs. 1,872,450) made to affiliated firm

\*\* Salary Allowance and Incentives includes outsource services



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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.

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Amount remaining unpaid to any supplier as at the year end		
(i) Principal	108,813	3,939,836
(ii) Interest		
Amount of interest paid in terms of Section 16 of the MSMED Act	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
Amount of interest accrued and remaining unpaid at the year end	-	-
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

**Exposures in foreign Currency**

Particulars	Foreign Curren cy	As at March 31, 2021			As at March 31, 2020		
		Exchange Rate	Amount in foreign currency (Rs.)	Amount in Rs.	Exchang e Rate	Amount in foreign currency (Rs.)	Amount in Rs.
<b>I. Assets</b>							
Receivables (trade & other)	-	-	-	-	-	-	-
<b>Total Receivable (A)</b>	-	-	-	-	-	-	-
Hedges by derivative / forward contracts (B)	-	-	-	-	-	-	-
Unhedged receivable (C=A-B)	-	-	-	-	-	-	-



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*[Handwritten signatures]*

Particulars	Foreign Currency	As at March 31, 2021			As at March 31, 2020		
		Exchange Rate	Amount in foreign currency (Rs.)	Amount in Rs.	Exchange Rate	Amount in foreign currency (Rs.)	Amount in Rs.
<b>II. Liabilities</b>							
Payables (trade & others)	JPY	0.6613	2,830,746	1,871,831	0.6925	5,314,883	3,680,557
Payables (trade & others)	USD	-	-	-	76.2000	147,847	11,265,927
<b>Total Payables (D)</b>	<b>JPY</b>	<b>0.6613</b>	<b>2,830,746</b>	<b>1,871,831</b>	<b>0.6925</b>	<b>5,314,883</b>	<b>3,680,557</b>
<b>Total Payables (D)</b>	<b>USD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76.2000</b>	<b>147,847</b>	<b>11,265,927</b>
Hedges by derivative / forward contracts (E)	-	-	-	-	-	-	-
Unhedged payables (F=D-E)	JPY	0.6613	2,830,746	1,871,831	0.6925	5,314,883	3,680,557
Unhedged payables (F=D-E)	USD	-	-	-	76.2000	147,847	11,265,927
<b>Total Unhedged FC Exposures(G=C-F)</b>	<b>JPY</b>	<b>0.6613</b>	<b>2,830,746</b>	<b>1,871,831</b>	<b>0.6925</b>	<b>5,314,883</b>	<b>3,680,557</b>
<b>Total Unhedged FC Exposures(G=C-F)</b>	<b>USD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76.2000</b>	<b>147,847</b>	<b>11,265,927</b>

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

Particulars	For the year ended March 31, 2021 Rupees	For the year ended March 31, 2020 Rupees
Salaries, allowances and incentives	57,294,542	44,266,932
Corporate guarantee fees	2,778,139	1,027,383
Legal and professional	-	259,553
Business promotion	-	873,913
Software expenses	3,933,440	21,985,630
Membership and Subscription	158,868	304,776
Training expenses	-	20,408

24. Contingent Liabilities and Commitments:

During the year FY 2017-2018, the CIT (Appeals), with respect to the demand of Rs. 1,051,030/- for income tax disallowances for AY 2012-13, had decided the matter in favour of the Company. Pursuant to the CIT (Appeals) order, the Company had received refund of Rs.1,306,930/-. However, the order giving effect of the appeal is pending to be received by the Company.



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**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.12,603,992/- (2020: Rs.20,161,828) for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2021. 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.1,798,098/- (2020: Rs.3,046,260) for Employees' State Insurance Contribution under staff welfare expenses in the Statement of Profit and Loss for the year ended March 31, 2021.

- 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, 2021 Rupees	For the year ended March 31, 2020 Rupees
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Opening obligation	7,568,147	5,106,690
b. Current service cost	2,238,824	2,898,741
c. Interest cost	510,488	391,493
d. Actuarial (gain) / losses	(587,113)	(605,853)
e. Benefits Paid	(1,145,731)	(222,924)
f. Closing obligation	8,584,615	7,568,147
<b>2. Expense recognised in the Statement of Profit and Loss</b>		
a. Current service cost	2,238,824	2,898,741
b. Interest cost	510,488	391,493
c. Actuarial (gain) / losses	(587,113)	(605,853)
d. Expense recognised in the year	2,162,199	2,684,381
<b>3. Amount recognised in Balance Sheet</b>		
a. Fair value of plan assets as at the year end	-	-
b. Present value of obligation as at the year end	8,584,615	7,568,147
c. Amount recognised in Balance Sheet	8,584,615	7,568,147
<b>4. Actuarial Assumptions</b>		
a. Discount rate (p.a.)	6.70%	6.75%
b. Mortality base	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table
c. Turnover rate	3% - 10%	3% - 10%
d. Salary escalation rate	4%	4%
e. Normal retirement age	58 years	58 years



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*[Handwritten signatures]*

Description	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>5. Experience Adjustments</b>					
a. Present value of obligation	8,584,615	7,568,147	5,106,690	4,168,255	3,678,008
b. Experience adjustment on plan liabilities	(630,022)	342,339	(506,233)	(276,063)	(1,496,500)

The estimate of future salary increases taking into account the inflation, seniority, promotion and other relevant factors.

- 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. 1,556,041/- has been charged to the Statement of Profit and Loss for the year ended March 31, 2021 (March 31, 2020: Rs.3,490,357)
- 26.** The Company is engaged in the business of financing the purchase of consumer durables, vehicles and granting of personal loans 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

**(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 Bank Ltd.

Key Management Personnel	Daisuke Maeda (up to 30 <sup>th</sup> June, 2021)
	Hideo Tanaka (w.e.f. 01 <sup>st</sup> July, 2021)
	Tomo Sato
	Masaki Watanabe (up to 26 <sup>th</sup> June 2020)
	Sanjaya Kumar Dash



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

Amount in Rupees

Nature of transactions	Holding Company	Fellow Subsidiaries				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 Bank Ltd.	
<b>Remuneration:</b>						
Daisuke Maeda	- (-)	- (-)	- (-)	- (-)	- (-)	24,238,651 (22,467,567)
Tomo Sato	- (-)	- (-)	- (-)	- (-)	- (-)	16,057,513 (11,916,328)
Masaki Watanabe	- (-)	- (-)	- (-)	- (-)	- (-)	6,339,357 (12,917,794)
Sanjaya Kumar Dash	- (-)	- (-)	- (-)	- (-)	- (-)	5,818,497 (5,477,000)
<b>Issue of Share Capital</b>	700,000,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Purchase of software (including Capital work-in-progress)</b>	- (-)	- (-)	- (-)	3,669,646 (24,235,281)	- (-)	- (-)
<b>Corporate guarantee fees</b>	2,778,139 (1,027,383)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Software Expenses</b>	- (-)	- (-)	- (-)	3,933,440 (25,608,606)	- (-)	- (-)
<b>Salaries, allowances and incentives</b>	5,061,167 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Training (included in other expenses)</b>	- (20,408)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Staff welfare (included in employee benefits expense)</b>	- (638,148)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Legal and professional</b>	- (259,553)	- (-)	- (-)	- (-)	- (-)	- (-)



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Nature of transactions	Holding Company	Fellow Subsidiaries				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 Bank Ltd.	
<b>Balances as at March 31, 2021</b>						
<b>Other Current Liabilities:</b>						
Payable to AEON Credit Service (M) Berhad*	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Payable to AEON Financial Service Co., Ltd. Japan*	490,740 (645,243)	- (-)	- (-)	- (-)	- (-)	- (-)
Payable to AEON Credit Service Co., Ltd. Japan*	- (-)	1,381,091 (2,301,478)	- (-)	- (-)	- (-)	- (-)
Payable to AEON Bank Ltd.*	- (-)	- (-)	- (-)	- (-)	- (733,836)	- (-)
<b>Trade Payables (including payable for Property Plant and Equipment):</b>						
Payable to AEON Credit Service Systems (Philippines) INC.	- (-)	- (-)	- (-)	- (11,265,927)	- (-)	- (-)
<b>Other Current Assets:</b>						
Receivable from AEON Financial Service Co., Ltd. Japan*	1,364,014 (-)	- (-)	- (-)	- (-)	- (-)	- (-)

\*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.  
Note: Figures in bracket relate to previous year.



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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, 2021 Rupees	As at March 31, 2020 Rupees
Not later than one year	38,112,829	54,702,841
Later than one year and not later than five years	30,893,669	90,356,542
Later than five years	-	-
<b>Total</b>	<b>69,006,498</b>	<b>145,059,363</b>

(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 up to January 2020 for a fixed monthly fee of Rs.600,989 per month (equivalent to USD 7,887). The Fee is included in “Software expenses” in Note no. 20 for the previous year.

29. Earnings per equity share:

Particulars		For the year ended March 31, 2021 Rupees	For the year ended March 31, 2020 Rupees
Loss after Tax	A	(840,402,646)	(554,601,584)
Weighted Average number of Equity Shares	B	264,575,342	250,000,000
Basic and Diluted Earnings per share	A/B	(3.18)	(2.22)
Nominal Value of Equity Shares (Rupees)		10	10

30. Deferred tax:

Deferred tax assets in respect of timing differences have not been recognized during the period because it is not considered probable that future taxable profit will be available against which they can be realized.



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31. Disclosure of details as required by Revised Para 19 of Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (updated as on February 17, 2020), earlier 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:**

Amount in Rupees

Particulars	Amount Outstanding		Amount Overdue	
	March, 2021	March, 2020	March, 2021	March, 2020
1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
a) Debentures:				
Secured	-	-	-	-
Unsecured	-	-	-	-
(other than those falling within the meaning of public deposit)				
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other loans	976,500,000	1,464,500,000		
(Working capital demand loan)				
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
a) In the form of Unsecured debentures	-	-	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
c) Other public deposits	-	-	-	-

**Assets side:**

Amount in Rupees

Particulars	Amount Outstanding	
	March, 2021	March, 2020
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		
a) Secured		-
b) Unsecured	1,249,643,509	1,863,940,328
4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	-	-
i) Lease assets including lease rentals under sundry debtors:		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
iii) Other loans counting towards asset financing activities:		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (i) above	-	-
5) Break-up of Investments		
Current Investments:		



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1) <b>Quoted:</b>		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds		
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2) <b>Unquoted:</b>		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long-Term Investments		
1) <b>Quoted:</b>		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2) <b>Unquoted:</b>		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

6) Borrower group-wise classification of assets financed as in (3) and (4) above

Amount in Rupees

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	March, 2021	March, 2020	March, 2021	March, 2020	March, 2021	March, 2020
1) Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related Parties	-	-	-	-	-	-
2) Other than related parties	-	-	1,249,643,509	1,863,940,328	1,249,643,508	1,863,940,328
<b>TOTAL</b>	-	-	<b>1,249,643,509</b>	<b>1,863,940,328</b>	<b>1,249,643,508</b>	<b>1,863,940,328</b>



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

Amount in Rupees

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	March, 2021	March, 2020	March, 2021	March, 2020
1) Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related Parties	-	-	-	-
2) Other than related parties				
<b>TOTAL</b>	-	-	-	-

8) Other Information

Amount in Rupees

Particulars		March, 2021	March, 2020
a)	Gross Non-Performing Assets		
	1) Related parties	-	-
	2) Other than related parties	504,986,943	65,056,611
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)

For the year 2021

Amount in Rupees

Particulars	Liabilities	Assets	
	Borrowings	Advances	Investment
1 day to 30/31 days (One month)	638,000,000	73,084,284	-
Over 1 month to 2 months	338,500,000	72,797,821	-
Over 2 months up to 3 months	-	72,615,305	-
Over 3 months up to 6 months	-	210,108,655	-
Over 6 months to 1 year	-	493,520,111	-
Over 1 year to 3 years	-	303,394,261	-
Over 3 years to 5 years	-	23,958,884	-
Over 5 years	-	144,188	-
<b>TOTAL</b>	<b>976,500,000</b>	<b>1,249,643,509</b>	<b>-</b>



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For the year 2020

Amount in Rupees

Particulars	Liabilities	Assets	
	Borrowings	Advances	Investment
1 day to 30/31 days (One month)	163,000,000	70,807,064	-
Over 1 month to 2 months	1,301,500,000	47,923,646	-
Over 2 months up to 3 months	-	19,992,601	-
Over 3 months up to 6 months	-	278,115,225	-
Over 6 months to 1 year	-	640,662,303	-
Over 1 year to 3 years	-	749,123,866	-
Over 3 years to 5 years	-	57,315,623	-
Over 5 years	-	-	-
<b>TOTAL</b>	<b>1,464,500,000</b>	<b>1,863,940,328</b>	<b>-</b>

33. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 14,031,693 (2020: Rs.52,233,016) where purchase orders are issued.

**34. Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:**

The outbreak of COVID-19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has proposed to offer a moratorium of six months on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular")

Period	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of RBI Circular (Rupees)	Respective amount where asset classification benefits is extended (Rupees)	Provisions made in terms of paragraph 5 of RBI Circular (Rupees)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular (Rupees)
As on March 31, 2021	637,679,255	637,679,255	117,647,845	Not Applicable
As on March 31, 2020	94,329,492	94,329,492	4,716,475	Not Applicable



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**35. Estimation uncertainty relating to COVID-19 global health pandemic:**

In assessing the recoverability of loans, receivables under financing activity and intangible assets, the Company has considered information available with the Company, upto the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any material changes to the future economic conditions.

**36. Restructuring in accordance with Reserve Bank of India guidelines:**

The economic fall out on account of COVID-19 pandemic has led to significant financial stress for borrowers across the board. The resultant stress potentially impacted the long term viability of many customers, otherwise having a good track record, due to their debt burden becoming disproportionate relative to their cash flow generation abilities. Such wide spread impact could impair the entire recovery process, posing significant financial stability risk.

Considering the above, RBI has issued guidelines relating to Resolution for COVID-19- related stress Regulatory Package dated August 6 2020. In accordance therewith, the Company has offered a plan for restructuring to eligible customers. All the conditions laid down by RBI has been properly complied for the implementation. The Company has restructured 1,895 loans having principal outstanding of Rs. 66,553,234. The adequate provision has also been made for these restructured loan cases.

**37. Ex-gratia scheme in accordance with Reserve Bank of India guidelines:**

The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme") as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Company has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme amounting to Rs. 14,184,575. The Company has filed its claim for the ex-gratia with State Bank of India as per the Scheme.

38. 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**



**Hideo Tanaka**  
Managing Director  
(DIN: 09193239)  
Place: Tokyo, Japan



**Tomo Sato**  
Director  
(DIN: 07854754)  
Place: Tokyo, Japan



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

**Date: July 30, 2021**

