



# ANNUAL REPORT

## 2016-2017

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# CORPORATE VISION AND MISSION

Our **CORPORATE VISION** is to establish AEON as a leading brand in consumer finance and service industry by excellent customer service.

As a reflection of this vision, **OUR MISSION** is to provide a wide range of consumer financial services that best meet customer needs and we are committed to serve customers to enhance their lifestyle through our products and services. We adhere to strict code of corporate ethics and at the same time, engage in activities which contribute to the society.

## AEON Basic Principles and Code of Conduct

### AEON Basic Principles

- Peace** : AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.
- People** : AEON is a corporate group that respects human dignity and values personal relationships.
- Community** : AEON is a corporate group rooted in local community life and dedicated to making contributions to the community.

### AEON Code of Conduct



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

# AN INTRODUCTION TO AEON CREDIT SERVICE INDIA

AEON Credit Service India Pvt. Ltd. (AEON Credit or the company) was incorporated on 9 March 2011 with its main objective to provide consumer finance services that best suit the needs of customers' lifestyles. The company obtained its license from Reserve Bank of India on 4 February 2013 as Non-Banking Financial Company and commenced its business activities therefrom. The Company launched its 1st product in the market on 10th Feb 2013 by offering special easy payment scheme for purchase of consumer durable products through its appointed retail merchant network. At present, the company has entered into commercial agreements with over two thousand merchants and stores mainly in four metro cities including Mumbai, through which more than two lakhs active consumers have been offered with our financial services. AEON Credit believes in working closely with its business partners to provide consumer financing products and services which meet consumer needs.

AEON Credit is a subsidiary of AEON Financial Service Co., Ltd. Japan (AFSJ), which is listed on First Section of Tokyo Stock Exchange. AFSJ is mainly involved in credit card and e-money business and currently it has about 25.88 million card members in Japan and 37.60 million card members globally. It is one of the biggest credit card issuers and leading consumer finance service provider in Japan.

AFSJ is in turn part of the AEON Group of Companies, which is a global retail and financial service conglomerate which consists of more than 260 subsidiaries and affiliated companies. AEON Group operates not only in Japan but also in Southeast Asian countries and China. The fundamental principle of AEON is its "customer-centric" approach and AEON's mission is to meet the customers' lifestyle needs.

AEON's most basic and abiding principles are the pursuit of peace, respect for humanity, and contribution to local communities through customer centred initiatives. Under these principles, we are determined to achieve global management standards.

All companies under the AEON Group are guided by the unchanging "Customer First" philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Jayabalan Ramakrishnan**  
Managing Director

**Mr. Yutaka Sudoh**  
Whole Time Director

**Mr. Masaki Watanabe**  
Whole Time Director

**Mr. Kenji Fujita**  
Non-Executive Director

**Mr. Kumar Rajagopalan**  
Non-Executive Director

**Mr. J.R.P. Ratnarao**  
Non-Executive Director

## COMPANY SECRETARY

**Mr. Sanjaya Kumar Dash**  
Membership No: F7043

## AUDITORS

**Deloitte Haskins & Sells**  
Chartered Accountants  
'Heritage', 3rd Floor, Near Gujarat Vidhyapith,  
Off Ashram Road, Ahmedabad – 380 014  
Tel: +91-079-27582542 | Fax: +91-079-27582551

## REGISTERED & HEAD OFFICE

Unit No. 702, 7th Floor, C&B Square Building,  
127, Andheri Kurla Road, Chakala,  
Andheri East, Mumbai - 400 059.  
Tel: +91-22-33606800 | Fax: +91-22-33606888

## WEB PAGE

**[www.aeoncredit.co.in](http://www.aeoncredit.co.in)**

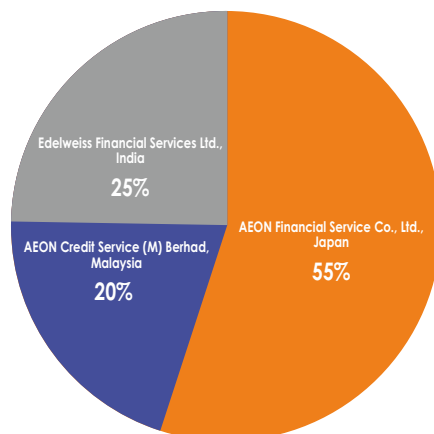
## REGISTRARS

**Satellite Corporate Service Pvt. Ltd.**  
B-302, Sony Apartment, Opp. St Jude's High School,  
90 Ft. Road, Jarimari, Sakinaka, Mumbai-400072  
Tel: +91-22-28520461 | Fax: +91-22-28511809

## PRINCIPAL BANKERS

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

## COMPANY SHAREHOLDING STRUCTURE



The Company's total paid up share capital consisting of 91 million equity shares of Rs.10 each amounting to Rs.910 million is held by the following three companies:

■ AEON Financial Service Co., Ltd., Japan	– Rs.500.5 million (50.05 million shares)
■ Edelweiss Financial Service Ltd. (through ECL Finance Ltd.)	– Rs.227.5 million (22.75 million shares)
■ AEON Credit Service (M) Berhad, Malaysia	– Rs.182.0 million (18.20 million shares)

### AEON Financial Service Co., Ltd., Japan

AEON Financial Service Co., Ltd., (AFS) Japan is our ultimate holding company having multiple business profile in financial service sector. AFS is mainly involved in the issuance of credit cards, and it currently has more than 25.88 million card members in Japan. It is one of the biggest credit card issuers and leading consumer credit provider in Japan. AFSJ is in turn part of the AEON Group of Companies (AEON Group), a global retail and financial services group. AEON Group consists of more than 260 subsidiaries and affiliated companies. AEON Group operates not only in Japan but also in Southeast Asia, China and India. The Fundamental principle of AEON is its “customercentered approach.” AEON's mission is to contribute to consumers. AFS Japan is listed on the First Section of the Tokyo Stock Exchange.

### Edelweiss Financial Service Ltd.

Edelweiss is one of India's leading diversified financial services group. Edelweiss offers a large range of products and services and its business are broadly divided into Credit including Retail Finance and Debt Capital Markets, Commodities, Financial Markets, Asset. Management and Life Insurance. The Life Insurance, Retail Finance including Housing Finance, Mutual Fund and Retail Broking businesses – both online and offline formats have paved the way for Edelweiss to cater to the large retail client segment. Edelweiss' presence now covers 248 offices in 128 cities including eight international offices with 5,937 employees catering to over 630,000 clients across various businesses in retail and wholesale segments. Edelweiss Financial Service Ltd. is a listed entity with BSE & NSE, India.

### AEON Credit Service (M) Berhad, Malaysia

AEON Credit Service (M) Berhad is a subsidiary of AEON Financial Service Co., Ltd. Japan and listed on the Main Market at Bursa Malaysia Securities Berhad. It commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores. Today the business of the Company has expanded to include issuance of Credit Cards, Easy Payment Schemes, Personal Finance Scheme, Insurance Business and other services. The Company currently has 5 regional offices, 55 branches and service centres located in major shopping centres and towns and a network of more than 9,000 participating merchant outlets in Malaysia. It currently has more than 3.0 million card members for the various products and more than 3,000 staff in service with the Company.

# MANAGING DIRECTOR'S STATEMENT

On behalf of the Board of Directors, I am pleased to present Annual Report of AEON Credit Service India's and Audited Financial Statements for the financial year 2016-17.

## Review of Performance

In September 2015 we decided to downsize branches operation and after six months of branch exit strategy implementation we successfully shifted the overall business volume to Mumbai by April 2016.

As at March 2017, the Company recorded a total sales volume of Rs.1.1 billion and a revenue of Rs.346 million at 5% and 68% growth respectively against the same period last year.

In the year 2016, Mumbai & Greater Mumbai were further classified into 6 major sub-areas and dealers were grouped into respective areas for stronger control and monitoring. The Company restructured dealer groups based on area and active ratio and recorded a total of 450 dealers in Mumbai against 1,000 stores in the previous year.

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

The Company managed to improve staff productivity and management control with further investment on system and able to strengthen its corporate governance with strong independent functions of internal audit and compliance departments in the year 2016.

Towards the last two quarters, the company suffered on both internal and external issues, whereby the implementation of new Automated Clearing House (ACH) systems by NPCI effective April 16 resulted in lower than 70% success of new customer's ACH mandate registration from April 2016 till October 2016.

And, while we recover from ACH mandate issues, we suffered the 2nd major impact in November 2016 – The Demonetization Exercise by Government of India. As we had more than 30-40% of cash collection via field operation on monthly basis, the short of cash in the market, long ques in the bank during the first 50 days post demonetization announcement seriously impacted our collection resolution performance till February 2017. As a result of low collection resolution, higher impairment losses provision were recorded during the period which is an increase of over 200% against the previous year.

In addition to the above external issues, other internal issues were weak internal operation control, lack of collection system and weak credit policies impacted the lower performance of the company against the budget. The company has incurred loss of Rs.189 million with a reduction of approximately Rs.9 million losses compared to previous year.

## Looking forward

In view of stronger competition in the consumer durable product financing and different business model adopted by AEON Credit in India as compared to other competitors, the company will seriously look into re-strategize its business model in the near future.

Alternative product besides mobile phone under the consumer product financing i.e. Electric bike, CNG kit for cars, Water purifiers etc. with strategic tie-ups with Manufacturers / Brands will be developed. Besides consumer durable product financing, the company will also look into launching of Objective financing for e.g. Education loan. to its existing member base.

## Acknowledgement

I wish to thank our Customers, Business Partners, Merchants and Shareholders for their continued support to the company. I would also like to express my sincere appreciation to the Board of Directors, Management team and staff of the company for their precious contribution, efforts and commitment towards improvement of business operations and performance of the Company. We're certainly looking forward for a better year ahead of us to continue to serve our customers.

**R. Jayabalan**

Managing Director





## BOARD OF DIRECTORS' PROFILE



### **Jayabalan Ramakrishnan**

Managing Director

Mr. Jayabalan Ramakrishnan was appointed as Managing Director of the Company on 1 March 2014. Prior to this, he was Executive Director of the Company for a period of 2 years and 1 month from June 2011 to June 2013. He holds bachelor degree from University Science of Malaysia. He has over 18 years of experience in banking and financial services industry in Malaysia.

He has been with AEON Credit Service, (M)Berhad, Malaysia in various positions of Marketing, Sales and Business Development for over 10 years, prior to that he has also worked with Citibank, Malaysia as a business analyst.



### **Yutaka Sudoh**

Whole Time Director

Mr. Yutaka Sudoh was appointed as Whole Time Director of the Company on 29th June, 2016. Mr. Sudoh is multi qualified person having various degrees viz: BA Degree in Economics - Waseda University Faculty of Political Science & Economics, Chartered Member of Security Analysts Association of Japan, General Securities Representative-Japan Securities Dealers Association, Certified Financial Internal Auditor-Institute of Internal Auditors-Japan & Qualified Chief of Money Lending Operations, Govt. of Japan. He possesses more than 31 years of reach experience in banking & finance industries at senior management level global basis. He has been associated with AEON group companies since 2013. At present he is heading Corporate Planning, Accounts & Finance and Risk Management group in AEON Credit Service India Pvt. Ltd.



## BOARD OF DIRECTORS' PROFILE

### **Masaki Watanabe**

Whole Time Director

Mr. Masaki Watanabe was appointed as an Executive Director of the Company on 28 June 2014. He holds a bachelor degree in History from Nihon University, Japan, which he obtained in 1998. He has more than 12 years of experience in consumer financing business, which he gained from various AEON Group Companies viz. AEON Credit Service Co., Ltd (Japan), PT. AEON Credit Service Indonesia Co., Ltd (Indonesia), AEON Thana Sinsap (Thailand) Plc (Thailand) and AEON Credit Service (M) Berhad (Malaysia). At present, he is heading Operation Division in AEON Credit Service India Pvt. Ltd.



### **Kenji Fujita**

Non-Executive Director

Mr. Kenji Fujita was appointed as Non-Executive Director of the Company on 28 June 2014. He holds Bachelor of Arts & Humanity from Yamaguchi University, Japan and Master of Business Administration (MBA) from International University, Japan in 2009. Presently, he is the Managing Director of AEON Credit Service (M) Berhad, Malaysia. He began his career in AEON Co., Ltd., Japan in 1979 and was subsequently transferred to AEON Co. (M) Bhd, Malaysia in 1997. He served in various positions under AEON Shopping Centre Development Division, Malaysia till 2005. From 2007 until early 2012, he was managing Human Resource, Administration, Finance and Executive Office functions in AEON Co., Ltd., Japan and AEON Stores (Hong Kong) Co., Ltd., Hong Kong.



## BOARD OF DIRECTORS' PROFILE

**Kumar Rajagoplan**

Non-Executive Director

Mr. Kumar Rajagoplan was appointed as Non-Executive Director of the Company on 1 January 2013. He holds Bachelor degree in commerce from Pune University and is a Chartered Accountant from Institute of Chartered Accountants of India. He has more than 22 years of rich experience in retail business sector in India. Presently, he is the Chief Executive Officer (CEO) at Retailers Association of India. He has tremendous contribution to the development and growth of retail industries in India. He has been a retailer with the Shoppers Stop Group in India in various positions. He also worked with IBM as the Country head for Retail Solutions in India.

**J.R.P. Ratnarao**

Non-Executive Director

Mr. J.R.P. Ratnarao was appointed as Non-Executive Director of the Company on 25 September 2012. He holds Master degree of Commerce & CAIIB. He is retired from Reserve Bank of India (RBI), Mumbai as Chief General Manager after served in RBI for about 30 years. He worked in various departments of RBI viz. Department of Government & Bank Accounts, Central Office, Department of Banking Supervision, Central Office, Mumbai, Rural Planning & Development, Central Office, Mumbai. He has expertise in audit and supervision of commercial banks & regulatory compliance matters relating to Banks and NBFCs

## BOARD COMMITTEES

The Board is assisted by its Committees, which have been constituted under defined terms of reference in accordance with the requirements of Reserve Bank of India and Ministry of Corporate Affairs to assist the Board in discharging its functions and responsibilities. The committees are Audit Committee, Remuneration and Nomination Committee and Risk Management Committee. The following diagram provides a brief overview of the three main Board Level Committees of the Company:



### Audit Committee

The Audit Committee consists of majority of non-executive directors as its members and acts in accordance with the terms of reference specified by the Board, which inter alia, include appointment of auditors, auditor's independence and performance, effectiveness of audit process, review of Financial Statements and Auditors' Report, related party transactions, inter-corporate

loans and investments, internal financial controls and risk management systems etc.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of three non-executive directors and acts in accordance with the terms of reference specified in writing by the Board from time to time which, inter alia, include board size and composition, selection and appointment of Directors and board performance evaluation.

### Risk Management Committee

Risk Management Committee consists of two Executive Directors and other senior management people with terms of reference i.e. risk identification, risk management strategy and risk awareness in the areas of credit, finance, operations, IT and compliance etc.

## MANAGEMENT TEAM



**MR. R. JAYABALAN**  
Managing Director



**Mr. Yutaka Sudoh**  
Whole Time Director,  
Corporate Management, Risk  
and Finance Group



**MR. MASAKI WATANABE**  
Whole Time Director,  
Operations & IT Group



**Mr. SANJAYA KUMAR DASH**  
Group Head,  
Corporate Governance,  
Legal & Compliance,  
Company Secretary

# **NOTICE OF SIXTH ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Sixth Annual General Meeting of the Members of AEON Credit Service India Pvt. Ltd. will be held on **Wednesday, 28th June, 2017 at 12:00 noon** at its Registered Office at **Unit 702, 7th Floor, C&B Square Building, Andheri Kurla Road, Chakala, Andheri East, Mumbai 400 059** to transact the following business:

## **ORDINARY BUSINESS:**

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

To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017, Statement of Profit & Loss and Cash Flow Statement for the Financial Year ended March 31, 2017 and notes attached thereto together with the Reports of the Directors and the Auditors thereon.

### **2. Appointment of Statutory Auditors**

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

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, M/s Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No.117365W) be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Seventh AGM at such remuneration plus service 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. Daisuke Maeda**

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 Section 161 of the Companies Act 2013 and any other applicable provisions if any, Mr. Daisuke Maeda (DIN-07854743), who was appointed as an Additional Director by the Board with effect from 28th June, 2017 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. Tomo Sato**

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 Section 161 of the Companies Act 2013 and any other applicable provisions if any, Mr. Tomo Sato (DIN-07854754), who was appointed as an Additional Director by the Board with effect from 28th June, 2017 to hold office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company.

### **5. Regularization of Additional Director, Mr. Shigeto Nasu**

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 Sections 161 of the Companies Act 2013 and any other applicable provisions if any, Mr. Shigeto Nasu (DIN-07854720), who was appointed as an Additional Director by the Board with effect from 28th June, 2017 to hold office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company.

## 6. Appointment of Mr. Sanjaya Kumar Dash as Executive Director of the Company.

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

"RESOLVED THAT pursuant to approval of Board of Directors in its meeting held on 31st May, 2017 and on 28th June, 2017 on recommendation of Nomination and Remuneration Committee in its meeting held on 28th June, 2017, consent of the Members of the Company be and is hereby accorded to the appointment of Mr. Sanjaya Kumar Dash as Executive Director of the company effective from 1st July, 2017 on monthly remuneration and other terms & conditions as detailed below:

Salary: INR 200,000/- per month;

Fixed Bonus: INR 400,000/- per annum;

Other Allowances & Perquisites: As per the Policy of the Company and duly approved by internal management of the Company including inter alia Hotel Accommodation, Transport, Medical and other fringe benefits as may be decided and to be paid by the Company.

Performance Bonus: The annual performance bonus amount will be based on AFS Japan's standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies.

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, Remuneration and Nomination Committee and Board of Directors of the Company."

## 7. Appointment of Mr. Daisuke Maeda 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 the approval of Central Government 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. Daisuke Maeda (DIN-07854743) as Managing Director of the company for a period effective from 28th June, 2017 to 30th June, 2019 on the following terms and conditions including remuneration and other perquisites duly approved by the Board on recommendation of Remuneration & Nomination Committee of the Board:-

Salary: JPY 950,000/- per month (approximately INR 550,829/- per month;

Fixed Bonus: JPY 5,200,000/- per annum (approximately INR 3,015,063/- per annum;

(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: As per the Policy of the Group Companies including inter alia Accommodation, Transport, Medical and others to be paid by the Company on actual basis.

Performance Bonus: The annual performance bonus amount will be based on AFS Japan's standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies.

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, Remuneration and Nomination Committee, Board of Directors, Members' General Meeting and Central Government if required."

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

However, in case of any unforeseen circumstances during the terms of 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 Mr. Sanjaya Kumar Dash, Company Secretary be and are hereby Jointly and/or severally authorized to do all such acts, deeds and things as may be expedient and necessary for giving effect to the aforesaid resolution."



## 8. Appointment of Mr. Tomo Sato as a 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 the approval of Central Government 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. Tomo Sato (DIN-07854754) as Whole Time Director of the company for a period effective from 28th June, 2017 to 30th June, 2019 on the following terms and conditions including remuneration and other perquisites duly approved by the Board on recommendation of Remuneration & Nomination Committee of the Board:-

**Salary:** JPY 608,000/- per month (approximately INR 352,530/- per month;

**Fixed Bonus:** JPY 2,275,000/- per annum (approximately INR 1,319,090/- per annum;

(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:** As per the Policy of the Group Companies including inter alia Accommodation, Transport, Medical and others to be paid by the Company on actual basis.

**Performance Bonus:** The annual performance bonus amount will be based on AFS Japan's standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies."

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

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

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

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

## 9. Revision in remuneration and performance bonus of Mr. Masaki Watanabe, Whole Time Director.

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

"RESOLVED THAT pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) read with Schedule V to the said Act and subject to approval of Central Government if required and in pursuance of the provisions of Articles of Association of the Company, consent of Members of the Company be and are hereby accorded to the increment in monthly salary including fixed bonus for the year 2017 and performance bonus for the year 2016 payable to Mr. Masaki Watanabe, Whole Time Director (DIN-06904968) duly approved by the Board on recommendation of Remuneration & Nomination Committee of the Board as detailed below:-

**Salary:** JPY 721,000 (INR 416,340/- approximately) per month w.e.f. 1st June, 2017 (Previous Year: JPY 680,000 (INR 392,665/- approximately) per month;

**Fixed Bonus:-** JPY 2,800,000 (INR 1,616,854/- approximately) for the year 2017;

**Performance Bonus for the Year 2016:-** JPY 2,700,000 (INR 1,559,110/- approximately)

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



## 10. Approval for alteration of Articles of Association

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 5 read with Section 14 and other applicable provisions, if any, of the Companies Act, 2013, approval of Members be and is hereby granted for alteration in the Articles of Association of the Company in the following manner:-

- i) The words "AEON Credit Service Company Limited" and "AEON Credit" wherever appeared in the whole Articles of Association are replaced with the words "AEON Financial Service Co., Ltd." and "AFS" respectively;
- ii) Following changes in Article 2 are incorporated:-

Existing extracts	Revised extracts
"AEON Credit" means AEON Credit Service Company Limited, a company incorporated with limited liability under the laws of Japan;	"AFS" means AEON Financial Service Co., Ltd, a company incorporated with limited liability under the laws of Japan;
"AEON Affiliate" means any entity, which controls, is controlled by, or is under the common Control with, AEON Credit;	"AFS Affiliate" means any entity, which controls, is controlled by, or is under the common Control with, AFS;
"AEON Credit Group" means AEON Credit and AEON Affiliates;	"AFS Group" means AFS and AFS Affiliates;
"Affiliate" means AEON Affiliate or EFSL Affiliate, as the context may require;	"Affiliate" means AFS Affiliate or EFSL Affiliate, as the context may require;

- iii) Article 13.2 is replaced with the following para:-

"Notice for Board meetings: The length of the notice convening the Board meeting shall be at least 7 (seven) days before the date of the meeting unless waived in writing by all the Directors and the Non-Voting Observer (as defined hereinafter). Any such notice shall contain, inter alia, an agenda identifying in reasonable detail the matters to be discussed at the meeting.

By order of the Board of Directors

Place: Mumbai  
Date: 28<sup>th</sup> June, 2017

**Sanjaya Kumar Dash**  
Company Secretary

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / ITSELF AND THE PROXY (IES) NEED NOT BE A MEMBER. A PROXY (IES) IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE MEETING.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Businesses under Item No. 3, 4, 5, 6, 7, 8, 9 & 10 is annexed hereto forming part of this Notice.
4. The proxy form is enclosed herewith for appointing proxy on behalf any members.

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

### **ITEM NO. 3**

Mr. Daisuke Maeda was appointed as Additional Director by the Board of Directors on 28th June, 2017 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. Maeda 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 DIR8 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. Daisuke Maeda as a Director on the Board of the Company.

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

### **ITEM NO. 4**

Mr. Tomo Sato was appointed as Additional Director by the Board of Directors on 28th June, 2017 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. Sato 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 DIR8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect 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. Tomo Sato as a Director on the Board of the Company.

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

### **ITEM NO. 5**

Mr. Shigeto Nasu was appointed as Additional Director by the Board of Directors on 28th June, 2017 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. Nasu 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 DIR8 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. Shigeto Nasu as a Director on the Board of the Company.

Except Mr. Shigeto Nasu, 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. Sanjaya Kumar Dash, Company Secretary was appointed as an Executive Director by the Board of Directors on 31st May, 2017 effective from 1st July, 2017 in order to strengthen internal control within the organization. Subsequently, the Board approved his remuneration and other terms & conditions (specified in item no. 6 above) on the recommendation of Remuneration and Nomination Committee of the Board.

The Board, after considering his detailed profile and experience, recommends to the shareholders to approve appointment of Mr. Dash as Executive Director of the Company.

Except Mr. Sanjaya Kumar Dash, 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

Mr. Daisuke Maeda, Additional Director was appointed as Managing Director of the company by the Board in its Meeting held on 28th June, 2017 for a period effective from June 28, 2017 till 30th June, 2019 on such terms and condition including remuneration & other allowances, perquisites etc. on the recommendation of the Remuneration & Nomination Committee of the Board 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. Daisuke Maeda as Managing Director including his remuneration and other terms and condition.

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

**Salary: JPY 950,000/- per month (approximately INR 550,829/- per month;**

**Fixed Bonus: JPY 5,200,000/- per annum (approximately INR 3,015,063/- per annum;**

*(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: As per the Policy of the Group Companies including inter alia Accommodation, Transport, Medical and others to be paid by the Company on actual basis.**

**Performance Bonus: The annual performance bonus amount will be based on AFS Japan's standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies.**

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, Remuneration and Nomination Committee, Board of Directors, Members' General Meeting and Central Government if required."

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

However, in case of any unforeseen circumstances during the terms of 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. Daisuke Maeda, none of the Promoters, Directors, Manager or their relative(s), either directly or indirectly, is in any way interested or concerned in the above said resolution.

## ITEM NO. 8

Mr. Tomo Sato, Additional Director was appointed as Whole Time Director of the company by the Board in its Meeting held on 28th June, 2017 for a period effective from June 28, 2017 till 30th June, 2019 on such terms and condition including remuneration & other allowances, perquisites etc. on the recommendation of the Remuneration & Nomination Committee of the Board 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. Tomo Sato as Whole Time Director including his remuneration and other terms and condition.

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

**Salary: JPY 608,000/- per month** (approximately INR 352,530/- per month;

**Fixed Bonus: JPY 2,275,000/- per annum** (approximately INR 1,319,090/- per annum;

*(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:** As per the Policy of the Group Companies including inter alia Accommodation, Transport, Medical and others to be paid by the Company on actual basis.

**Performance Bonus:** The annual performance bonus amount will be based on AFS Japan's standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies."

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

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

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

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

#### ITEM NO. 9

As per the Group Companies' policy and norms and based on recommendation of Remuneration & Nomination Committee, the Board considered and approved an increase in remuneration of Mr. Masaki Watanabe, Whole Time Director from JPY 680,000 (INR 392,665/- approximately) per month to JPY 721,000 (INR 416,340/-

approximately) per month w.e.f 1st June, 2017 and performance bonus amounting to JPY 2,700,000 (INR 1,559,110/- approximately) for year 2016. Additionally, fixed bonus amounting to JPY 2,800,000 (INR 1,616,854/- approximately) for the year 2017 payable to Mr. Masaki Watanabe.

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

Except Mr. Masaki Watanabe, 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. 10

The name of Company's holding company has been changed from "AEON Credit Service Company Limited" to "AEON Financial Service Co., Ltd. (AFS Japan)" Therefore, the Board in its meeting held on 31st May, 2017 approved the replacement of the old name with the new name of Company's holding company wherever appeared in the Articles of Association of the Company. Additionally, certain definitions in connection with change of name of AFS Japan in Article 2 of the Articles of Association have been revised with approval of Board in its above said meeting.

Further, as per present Article 13.2 of the Articles of Association (AOA) of the Company, Notice for Board meetings are required to be sent at least 7 (seven) clear days (excluding the date of notice and the date of the meeting) before the date of the meeting. Whereas, as per provisions of the new Company Act, 2013 read with the Secretarial Standard-I, notice for Board and other Committee meetings are required to be sent only 7 (seven) days before the date of meeting. In order to bring the said Article in line with the provisions of the Companies Act, 2013 and Secretarial Standard-I, the Board of Directors approved the replacement of existing Article with the new Article as specified herein above in the resolution.

Therefore, as per provisions of Section 14 of the Companies Act, 2013, the approval of Members of the Company is required by way of passing special resolution at General Meeting of the company for giving effect to the said alteration of Articles of Association of the Company.

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.

By order of the Board of Directors

Place: Mumbai  
Date: 28<sup>th</sup> June, 2017

**Sanjaya Kumar Dash**  
Company Secretary

**STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE-V OF THE COMPANIES ACT, 2013.****I. GENERAL INFORMATION :**

## (1) Nature of Industry

Financial Service Sector (Non-Deposit Taking NBFC)

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

Not Applicable

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

Not Applicable

## (4) Financial Performance as at 31st March, 2017 (Audited) based on given indicators

a) Net Profit/(Loss):- (INR 189,758,051);

b) Total Assets (INR):-

Financing Receivable	675,923,557
Allowance for Bad Debts	77,740,933
Cash & Cash equivalents	50,11,658
Other Assets	112,136,479
Total	715,330,761

c) Total Liabilities &amp; Equities (INR):-

Total Liabilities	507,169,755
Shareholders' Fund	208,161,006
Total	715,330,761

(5) Foreign investment or collaboration if any

Foreign Direct Investment:- INR 682,500,000

**II. INFORMATION ABOUT THE APPOINTEE :****A. Mr. Daisuke Maeda:**(1) Background Details

Date of Birth:	7th Nov. 1976
<b>Qualification and Education Background</b>	
<b>Year</b>	<b>Particulars</b>
1999	BA Degree in Mass Communication - Kansai University
<b>Employment History (experience)</b>	
<b>Year</b>	<b>Particulars</b>
1999 - 2000	Officer/ Tokyo Branch/ AEON Credit Service Co., Ltd.
2000 - 2002	Senior Officer / Kashiwa Branch/ AEON Credit Service Co., Ltd.
2002 - 2005	Chief / Osaka Branch/ AEON Credit Service Co., Ltd.
2005 - 2005	Chief / Overseas Business Development/ AEON Credit Service Co., Ltd.
2005 - 2006	Manager / Credit Control Section, AEON Thana Sinsap (Thailand) Plc.
2006 - 2007	Assistant Vice President/ Marketing Dept. AEON Thana Sinsap (Thailand) Plc.
2007 - 2008	Vice President/ Marketing Dept. AEON Thana Sinsap (Thailand) Plc.
2008 - 2010	Senior Vice President/ Head of Marketing Dept. AEON Thana Sinsap (Thailand) Plc.
2010 - 2017	Chief Representative of Cambodia Representative office, ACS Capital Corporation Ltd.
2011 - 2017	Vice-Chairman of the Board and Managing Director, AEON Specialized Bank
Nov May	(Cambodia) Plc. (Former AEON Microfinance Cambodia)

(2) Past Remuneration: - Not Applicable.

(3) Recognition or Awards:-

Mr. Daisuke Maeda has been well recognized by various corporates especially by AEON groups companies since the year 2002. Mr. Maeda, due to his excellent managerial ability, could reach at a position like Vice-Chairman of the Board and Managing Director, AEON Specialized Bank (Cambodia) Plc. (Former AEON Microfinance Cambodia).

(4) Job Profile and his suitability:-

- a) Consumer Financing;
- b) Sales & Marketing;
- c) Credit Assessment;
- d) Credit Management.
- e) Other Operation Divisions in group financing companies.

(5) Remuneration Proposed: - Please refer Item No. 4 of the 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. Daisuke Maeda, being an expatriate originating from Japan is comparatively reasonable with respect to industry, size of the company, profile of the position and person in the originating country Japan.

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

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

#### A. Mr. Tomo Sato:

(1) Background Details

<b>Date of Birth:</b>	26th Sep. 1981
<b>Qualification and Education Background</b>	
<b>Year</b>	<b>Particulars</b>
2004	BA Degree in Economics - Shinshu University
<b>Employment History (experience)</b>	
<b>Year</b>	<b>Particulars</b>
2004 - 2004	Officer/ Mito Branch/ AEON Credit Service Co., Ltd.
2004 - 2006	Officer / Tsuchiura Branch/ AEON Credit Service Co., Ltd.
2006 - 2013	Chief / Corporate Planning Division/ AEON Credit Service Co., Ltd.
2013 - 2013	Chief / Corporate Planning Division/ AEON Financial Service Co., Ltd.
2013 - 2016	Manager / Control Division/ AEON Financial Service Co., Ltd.
2016 - May 2017	Director, Corporate Management Division/ PT. AEON Credit Service Indonesia

(2) Past Remuneration: - Not Applicable.

(3) Recognition or Awards:- Mr. Tomo Sato has been well recognized by various corporates especially by AEON groups companies since the year 2004. Mr. Sato, due to his excellent managerial ability, could reach at a position like Director, Corporate Management Division/ PT. AEON Credit Service Indonesia.



(4) Job Profile and his suitability:-

- a) Consumer Financing;
- b) Corporate Planning & strategy;
- c) Accounts & Finance;
- d) Other Operation Divisions in group financing companies.

(5) Remuneration Proposed: - Please refer Item No. 5 of the 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. Tomo Sato, being an expatriate originating from Japan is comparatively reasonable with respect to industry, size of the company, profile of the position and person in the originating country Japan.

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

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

### III. OTHER INFORMATION :

- (1) Reason of loss or inadequate profit: - Presently, income derived from financing business is being invested in men power, system development and other business setup, resulting thereby loss or inadequate profit.
- (2) Steps taken or proposed to be taken for improvement:- The Company's present business strategy of product diversification, strengthening internal controls, increase in operation efficiency and cost cutting 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 '000)

Particulars	Mar. 2017	Mar. 2018
Turnover (Sales) (Productivity)	1,132,388	12,48,000
Net Profit	-1,89,758	-92,200

**Form No. MGT-11**  
**Proxy Form**  
**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of**  
**the Companies (Management and Administration) Rules, 2014]**

Name of the Company: **AEON CREDIT SERVICE INDIA PRIVATE LIMITED**  
Regd. office: Unit 702, 7th Floor, C&B Square Building, Andheri Kurla Road,  
Chakala, Andheri East, Mumbai 400 059.  
CIN: U65929MH2011FTC214516

Name of the Member(s): _____
Name of the Corporate Authorized Representative: _____
Registered Address: _____
Email ID: _____
Folio: _____

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

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
  
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
  
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on Wednesday, 28th June, 2017 at 12 Noon at the registered office of the Company and at any adjournment thereof in respect all resolutions specified in the Notice.

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

\_\_\_\_\_  
Signature of shareholder (Authorized Representative)

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix Revenue Stamp
---------------------------

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

# DIRECTORS' REPORT

To,  
The Members Of  
**AEON CREDIT SERVICE INDIA PRIVATE LIMITED**

The Directors present their Sixth Annual Report and the Audited Financial Statements for FY 2016-17 (from 1st April, 2016 to 31st March, 2017). 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 2016-17 are governed by the relevant provisions, schedules, rules of the Companies Act, 2013.

## FINANCIAL PERFORMANCE SUMMARY

Particulars	Year ended 31st March, 2017 (from 1st Apr. 2016 to 31st Mar. 2017) (In Rupees)	Year ended 31st March, 2016 (from 1st Jan. 2015 to 31st Mar. 2016, Fifteen Months) (In Rupees)
Gross Income	346,056,996	327,074,633
Expenditure	511,675,339	505,728,178
Profit / (Loss) Before Depreciation & Tax	(165,618,343)	(178,653,545)
Less: Depreciation	24,139,708	20,138,126
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	(189,758,051)	(198,791,671)
<b>Balance carried to Balance Sheet</b>	<b>(189,758,051)</b>	<b>(512,080,943)</b>

## OPERATIONS & PERFORMANCE:

In September 2015 we decided to downsize branches operation and after six months of branch exit strategy implementation we successfully shifted the overall business volume to Mumbai by April 2016.

As at March 2017, the Company recorded a total sales volume of Rs.1.1 billion and a revenue of Rs.346 million at 5% and 68% growth respectively against the same period last year.

In the year 2016, Mumbai & Greater Mumbai were further classified into 6 major sub-areas and dealers were grouped into respective areas for stronger control and monitoring. The Company restructured dealer groups based on area and active ratio and recorded a total of 450 dealers in Mumbai against 1,000 stores in the previous year.

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

The Company managed to improve staff productivity and management control with further investment on system and able to strengthen its corporate governance with strong independent functions of internal audit and compliance departments in the year 2016.

Towards the last two quarters, the company suffered on both internal and external issues, whereby the implementation of new Automated Clearing House (ACH) systems by NPCI effective April 16 resulted in lower than 70% success of new customer's ACH mandate registration from April 2016 till October 2016.

And, while we recover from ACH mandate issues, we suffered the 2nd major impact in November 2016 - The **Demonetization Exercise by Government of India**. As we had more than 30-40% of cash collection via field operation on monthly basis, the short of cash in the market, long ques in the bank during the first 50 days post demonetization announcement seriously impacted our collection resolution performance till February 2017. As a result of low collection resolution, higher impairment losses provision were recorded during the period which is an increase of over 200% against the previous year.

In addition to the above external issues, other internal issues were weak internal operation control, lack of collection system and weak credit policies impacted the lower performance of the company against the budget. The company has incurred loss of Rs.189 million with a reduction of approximately Rs.9 million losses compared to previous year.

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

In view of stronger competition in the consumer durable product financing and different business model adopted by AEON Credit in India as compared to other competitors, the company will seriously look into re- strategies its business model in the near future.

Alternative product besides mobile phone under the consumer product financing i.e. electric bike, CNG Kit for cars, water purifiers and etc. with strategic tie-ups with Manufacturers / Brands will be developed. Besides consumer durable product financing, the company will also look into launching of Objective financing i.e. Education loan etc. to its existing member base.

#### **DIVIDEND:**

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

#### **DEPOSITS:**

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

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

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

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

(A) Conservation of Energy & Technology Absorption:

Since the Company is not engaged in manufacturing activities, the particulars pursuant to Company (Accounts) Rules, 2014 are not applicable to the Company for the year under reference.

(B) foreign Exchange Earnings & Outgo:

Particulars	Year ended 31.03.2017 (from 1st Apr. 2016 to 31st Mar. 2017) (Amount in Rs.)	Year ended 31.03.2016 (from 1st Jan.2015 to 31st Mar. 2016) (Amount in Rupees)
Earnings in Foreign Exchange	NIL	Nil
Expenditure in Foreign Exchange	47,900,460	44,722,436

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

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

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

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

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

The Board of Directors along with its three Committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company. The Board currently comprises of six Directors consisting of three Executive Directors and three Non-Executive Directors.

## MEETING OF BOARD OF DIRECTORS:

The Board of Directors have met twelve times during the financial year under review on 28th April, 2016, 27th May, 2016, 29th June, 2016, 29th July, 2016, 26th August, 2016, 28th September, 2016, 25th October, 2016, 30th November, 2016, 19th December, 2016, 25th January, 2017, 22nd February, 2017 & 29th March, 2017.

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the Annual Accounts of the Company, the applicable Accounting Standards had been followed along with the material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year on 31st March, 2017 and Profit/Loss for the year ended on that date;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the Annual Accounts on a going concern basis;
- (v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## AUDITORS & AUDITOR'S REPORT:

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

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

## EXTRACTS OF ANNUAL RETURN:

The extract of the Annual Return for the financial year ended 31st March, 2017 is attached with the Directors Report in the prescribed format MGT-9 as **Annexure II**

## ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place: Mumbai

Date: 31<sup>st</sup> May, 2017

**JAYABALAN RAMAKRISHNAN**  
MANAGING DIRECTOR

**FORM NO. AOC-2**

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

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

**NOT APPLICABLE**

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

**NOT APPLICABLE**

For and on behalf of the Board

Place: Mumbai  
Date: 31<sup>st</sup> May, 2017

**JAYABALAN RAMAKRISHNAN**  
MANAGING DIRECTOR

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March, 2017  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- (i) CIN:- U65929MH2011FTC214516  
(ii) Registration Date :- 09/03/2011  
(iii) Name of the Company:- AEON CREDIT SERVICE INDIA PRIVATE LIMITED.  
(iv) Category/Sub-Category of the Company:- Company Limited by Share (Subsidiary of Foreign Company)  
(v) Address of the Registered office and contact details:-  
Unit 702, 7th floor, C&B Square Building, Andheri Kurla Road, Chakala, Andheri (East), Maharashtra.,  
Tel: +91 22 3360 6800, Fax: +91 22 3360 6888  
(vi) Whether listed company:- No  
(vii) Name, Address and Contact details of Registrar and Transfer Agent, :-

**Satellite Corporate Services Private Limited**

**Address:** B-302, Sony Apartment,  
Opp. St. Jude's High School,  
Jarimari, Saki naka, Mumbai- 400072,  
Ph: No. 022 28520461/462. Fax: 022 28511809

**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	65929	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN/REGN. No.	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARE HELD	APPLICABLE SECTION
1.	<b>AEON FINANCIAL SERVICE CO., LTD.</b> ADDRESS : Kanda Mitoshiro-cho1, Chiyoda-Ku, Tokyo 101-8445, Japan	0100-01-010887	Holding Company	55%	Section 2(46) of Companies Act, 2013
2.	<b>AEON Credit Service(M) Berhad</b> ADDRESS: Level 29, Menara Olympia, No.8, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	412767-V	Associate Company	20%	Section 2(6) of Companies Act, 2013
3.	<b>EDELWEISS FINANCIAL SERVICES LTD.</b> (Holding Equity Share through ECL Finance Ltd.) ADDRESS: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai, Maharashtra -400098	U65990MH2005PLC154854	Associate Company	25%	Section 2(6) of Companies Act, 2013



#### IV. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-

##### (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>	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total -(A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	01	01	0	-	01	01	0	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	18,199,999	18,199,999	20	-	18,199,999	18,199,999	20	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other.....	-	-	-	-	-	-	-	-	-
<b>Sub-total -(A) (2)</b>	-	18,200,000	18,200,000	20	-	18,200,000	18,200,000	20	-
<b>Total Shareholding of Promoter(A)= (A)(1) + (A) (2)</b>	-	18,200,000	18,200,000	20	-	18,200,000	18,200,000	20	-
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institution</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
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>	-	-	-	-	-	-	-	-	-
i) Indian	22,750,000	-	22,750,000	25	22,750,000	-	22,750,000	25	-
ii) Overseas	-	50,050,000	50,050,000	55	-	50,050,000	50,050,000	55	-
<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>	22,750,000	50,050,000	72,800,000	80	22,750,000	50,050,000	72,800,000	80	-
<b>Total Public Shareholding(B) = (B)(1) + (B)(2)</b>	22,750,000	50,050,000	72,800,000	80	22,750,000	50,050,000	72,800,000	80	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>22,750,000</b>	<b>68,250,000</b>	<b>91,000,000</b>	<b>100</b>	<b>22,750,000</b>	<b>68,250,000</b>	<b>91,000,000</b>	<b>100</b>	<b>-</b>

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	AEON Credit Service (M) BerhadKenjiro InoueTotal	18,199,999	20	-	18,199,999	20	-	-
2	Kenjiro Inoue	1	0	-	1	0	-	-
3	<b>Total</b>	<b>18,200,000</b>	<b>20</b>	<b>-</b>	<b>18,200,000</b>	<b>20</b>	<b>-</b>	<b>-</b>

(iii) **Changes in Promoters' Shareholding (Please specify if there is no change):- No Change**

(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
1	<b>AEON Financial Service Co., Ltd., Japan</b>				
	At the beginning of the year	50,050,000	55	50,050,000	55
	Increase or decrease in shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	50,050,000	55	50,050,000	55

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	<b>ECL Finance Limited</b>				
	At the beginning of the year	22,750,000	25	22,750,000	25
	Increase or decrease in promoter's shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	22,750,000	25	22,750,000	25

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

(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	-	301,500,000		301,500,000
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-		-
Total (I + ii + iii)	-	301,500,000		301,500,000
Change in Indebtedness during the financial year				
• Addition				
• Reduction	-	257,400,000		257,400,000
<b>Net Change</b>	-	<b>257,400,000</b>		<b>257,400,000</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	445,100,000	-	445,100,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	445,100,000	-	445,100,000

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND/OR MANAGER**

Sl. No	Particulars of Remuneration	Jayabalan Ramakrishnan, Managing Director (Rs.)	Masaki Watanabe, Whole Time Director (Rs.)	Yutaka Sudoh, Whole Time Director (Rs.)	Total Amount (Rs.)
<b>1</b>	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	96,76,853	65,60,649	47,09,270	20,94,6772
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	26,87,685	26,69,840	18,31,098	71,88,623
	(c) Profit in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- As % of profit				
	- Other, specify				
5	Others, please specify	-	-	-	
	Total(A)(1)	1,23,64,538	92,30,489	65,40,368	2,81,35,395
	Ceiling as per the Act				

**B. REMUNERATION TO OTHER DIRECTORS:- Not Applicable****C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:- Not Applicable****VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCE:- Not applicable**

For and on behalf of the Board

Place: Mumbai

Date: 31<sup>st</sup> May, 2017**JAYABALAN RAMAKRISHNAN**  
MANAGING DIRECTOR

# BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rupees

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	910,000,000	910,000,000
Reserves and surplus	4	(701,838,994)	(512,080,943)
		208,161,006	397,919,057
<b>Non-current liabilities</b>			
Long-term provisions	5	6,516,255	7,609,441
Deferred tax liability (net)	30	-	-
<b>Current liabilities</b>			
Short-term borrowings	6	445,100,000	301,500,000
Trade payables	7	-	-
(i) Total outstanding dues of Micro and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		30,218,519	28,461,434
Other current liabilities	8	22,713,516	47,301,617
Short-term provisions	9	2,621,465	2,526,106
		500,653,500	379,789,157
<b>TOTAL</b>		<b>715,330,761</b>	<b>785,317,655</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	10a		
Property, plant and equipment		39,766,021	46,719,489
Intangible assets		19,036,570	4,575,695
Capital work-in-progress		8,050,597	25,648,635
Long-term loans and advances	11	13,608,259	12,765,708
Receivables under financing activity- Non current	12a	39,642,719	90,342,265
		120,104,166	180,051,792
<b>Current assets</b>			
Receivables under financing activity-Current	12b	558,539,905	571,914,170
Cash and cash equivalents	13	5,011,658	5,302,794
Short-term loans and advances	14	7,394,429	8,384,194
Other current assets	15	24,280,603	19,664,705
		595,226,595	605,265,863
<b>TOTAL</b>		<b>715,330,761</b>	<b>785,317,655</b>

See accompanying notes forming part of the Financial Statements

## In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For AEON Credit Service India Private Limited**

**Rupen K. Bhatt**  
Partner

**Jayabalan Ramakrishnan**  
Managing Director  
(DIN: 05173307)

**Yutaka Sudoh**  
Whole Time Director  
(DIN: 07545854)

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

Place: MUMBAI  
Date: May-31-2017

Place: MUMBAI  
Date: May-31-2017

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rupees

Particulars	Note No.	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Revenue from operations	<b>16</b>	329,209,998	303,997,956
Other income	<b>17</b>	16,846,998	23,076,677
<b>Total Revenue</b>		<b>346,056,996</b>	<b>327,074,633</b>
<b>Expenses:</b>			
Employee benefits expense	<b>18</b>	212,635,273	242,118,852
Finance costs	<b>19</b>	48,611,083	38,879,270
Depreciation/Amortisation expense	<b>10b</b>	24,139,708	20,138,126
Other expenses	<b>20</b>	250,428,983	224,730,056
<b>Total Expenses</b>		<b>535,815,047</b>	<b>525,866,304</b>
<b>Loss before tax</b>		<b>(189,758,051)</b>	<b>(198,791,671)</b>
<b>Less: Tax expense</b>			
(a) Current tax expense		-	-
(a) Deferred tax	<b>30</b>	-	-
<b>Loss after tax</b>		<b>(189,758,051)</b>	<b>(198,791,671)</b>
<b>Earnings per share (Face value of shares Rs. 10 each)</b>	<b>29</b>		
(a) Basic		<b>(2.09)</b>	<b>(2.63)</b>
(b) Diluted		<b>(2.09)</b>	<b>(2.63)</b>

See accompanying notes forming part of the Financial Statements

## In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For AEON Credit Service India Private Limited**

**Rupen K. Bhatt**  
Partner

**Jayabalan Ramakrishnan**  
Managing Director  
(DIN: 05173307)

**Yutaka Sudoh**  
Whole Time Director  
(DIN: 07545854)

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

Place: MUMBAI  
Date: May-31-2017

Place: MUMBAI  
Date: May-31-2017

# Cash Flow Statement for the year ended March 31, 2017

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax	(189,758,051)	(198,791,671)
<u>Adjustment for:</u>		
Depreciation and amortisation expense	24,139,708	20,138,126
Interest income from financing activity	(292,606,116)	(266,169,674)
Finance Cost	48,611,083	38,879,270
Loss on sale of Property, plant and equipment	-	42,627
Provision for retirement benefits	(1,150,421)	4,100,235
Provision for doubtful trade receivables	(2,895,977)	35,880,703
Contingent provision against standard assets	152,594	927,110
Loss on foreign exchange translation (net)	329,256	2,834,838
	(223,419,873)	(163,366,765)
Operating Loss before Working Capital changes	(413,177,924)	(362,158,436)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under financing activity -Non current	51,216,673	(24,940,126)
Receivables under financing activity -Current	15,753,115	(243,749,881)
Long-term loans and advances	(842,551)	(5,397,800)
Short-term loans and advances	989,765	4,461,282
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	1,422,560	14,430,560
Other current liabilities	(24,582,833)	22,850,435
<b>Cash used in operations after working capital changes and before adjustments for interest received and interest paid</b>	<b>(369,221,195)</b>	<b>(594,503,966)</b>
Interest received	287,990,218	256,624,657
Interest paid	(48,611,083)	(38,879,270)
<b>Cash used in operations</b>	<b>(129,842,060)</b>	<b>(376,758,579)</b>
Income-tax paid (taxes deducted at source) (net)	-	(5,25,515)
<b>NET CASH USED IN OPERATING ACTIVITIES (A)</b>	<b>(129,842,060)</b>	<b>(377,284,094)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital advance	(31,647,114)	(50,947,241)
Capital work-in-progress	17,598,038	(25,648,635)
Sale of fixed assets	-	23,379,080
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(14,049,076)</b>	<b>(52,766,796)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from unsecured working capital demand loan	143,600,000	(68,622,000)
Proceeds from share capital	-	500,000,000



Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>143,600,000</b>	<b>431,378,000</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(291,136)</b>	<b>1,327,110</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,302,794</b>	<b>3,975,684</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,011,658</b>	<b>5,302,794</b>
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Cash in hand	106,585	2,975,352
Balance with banks:		
In Current accounts	4,905,073	2,327,442
<b>Cash and cash equivalents as at the end of the year</b>	<b>5,011,658</b>	<b>5,302,794</b>

See accompanying notes forming part of the Financial Statements

**In terms of our report attached**

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For AEON Credit Service India Private Limited**

**Rupen K. Bhatt**  
Partner

**Jayabalan Ramakrishnan**  
Managing Director  
(DIN: 05173307)

**Yutaka Sudoh**  
Whole Time Director  
(DIN: 07545854)

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

Place: MUMBAI  
Date: May-31-2017

Place: MUMBAI  
Date: May-31-2017

# 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.

## 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”). 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.

In order to align its statutory year to 31 March as required by the Companies Act 2013, in the previous year the Company had extended its financial year by three months ending March 31, 2016. The corresponding figures for the previous period ended March 31, 2016 are for fifteen months and accordingly not comparable.

### 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 amortization and impairment.

### e) Impairment of Property, plant and equipment

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

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

Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss.

f) Depreciation/Amortisation

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

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

Leasehold improvements are amortised over the unexpired period of lease.

g) Revenue Recognition

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

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

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

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

h) Receivables under financing activity

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

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

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

i) Leases

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

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

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

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 employees' salary). The contributions as specified under the law are paid to respective Regional Provident Fund.

iii. Compensated absences:

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

m) Borrowing Costs

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

n) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of past event and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount of obligation. The Company does not recognise contingent liability. A disclosure of contingent liability is made when the possibility of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed 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.

**Note 3: Share capital**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
<b>A Authorised:</b> 91,000,000 (2016: 91,000,000) Equity Shares of Rs. 10 each with voting rights	910,000,000	910,000,000
<b>B Issued, subscribed and fully paid-up</b> 91,000,000 (2016: 91,000,000) Equity Shares of Rs. 10 each with voting rights	910,000,000	910,000,000

**Notes:**

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

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity Shares with voting rights - Issued, subscribed and fully paid-up			
As at March 31, 2017			
Number of shares	91,000,000		91,000,000
Amount in Rupees	910,000,000		910,000,000
As at March 31, 2016			
Number of shares	41,000,000	50,000,000	91,000,000
Amount in Rupees	410,000,000	500,000,000	910,000,000

**Note 3.2: Details of shares held by the Holding Company, the ultimate Holding Company, their Subsidiaries and Associates :**

Class of shares/Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
AEON Financial Service Co., Ltd. Japan	50,050,000	55%	50,050,000	55%
Held by AEON Credit Service (M) Berhad, a subsidiary of AEON Financial Service Co., Ltd. Japan*	18,200,000	20%	18,200,000	20%

\* Mr. Kenjiro Inoue holds 1 (one) Equity Share in his capacity as a nominee of M/s AEON Credit Service (M) Berhad

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

Class of shares/Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
AEON Financial Service Co., Ltd. Japan	50,050,000	55%	50,050,000	55%
AEON Credit Service (M) Berhad	18,200,000	20%	18,200,000	20%
ECL Finance Limited	22,750,000	25%	22,750,000	25%

**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.

**Note 4: Reserves and surplus**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Opening balance of Statement of Profit and Loss	(512,080,943)	(313,289,272)
Add: Loss for the year	(189,758,051)	(198,791,671)
Closing balance	<b>(701,838,994)</b>	<b>(512,080,943)</b>

**Note 5: Long-term provisions**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Gratuity	3,617,746	3,628,250
Compensated absences	2,898,509	3,981,191
<b>Total</b>	<b>6,516,255</b>	<b>7,609,441</b>

**Note 6: Short-term borrowings**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured Working Capital demand loan from Bank	445,100,000	301,500,000

**Note 7: Trade payables**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Others- Total outstanding dues of creditors other than micro and small enterprises (Refer Note 21 and Note 27)	30,218,519	28,461,434

**Note 8: Other current liabilities**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Other payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, etc.)	5,644,811	4,610,858
Income received in Advance	286,807	26,543
Refund payable to customers	5,208,708	-
Unallocated credit from customers	8,274,950	3678,324
Payable for Intangible assets	315,000	-
AEON Financial Service Co., Ltd. Japan (Refer Note 27)	1,470,801	35,867,527
AEON Credit Service (M) Berhad (Refer Note 27)	1,512,439	3,118,365
<b>Total</b>	<b>22,713,516</b>	<b>47,301,617</b>

**Note 9: Short-term provisions**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Gratuity	60,262	21,944
Compensated absences	382,582	478,135
Contingent provision against standard assets (Refer Note 2(h)(iii))	2,178,621	2,026,027
<b>Total</b>	<b>2,621,465</b>	<b>2,526,106</b>



**Note 10: Fixed assets**  
a. Fixed assets Schedule

Amount in Rupees

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at March 31, 2016	Additions during the year	Deductions and adjustments	As at March 31, 2017	As at March 31, 2016	For the year	Deductions and adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Property, plant and equipment</b>										
Furniture and fixtures	3,107,640 (1,321,688)	68,100 (1,785,952)	- -	3,175,740 (3,107,640)	992,737 (468,396)	667,467 (524,341)	- -	1,660,204 (992,737)	1,515,536	(2,114,903)
Office equipment	3,490,383 (1,687,538)	1,491,324 (1,812,459)	- (9,614)	4,981,707 (3,490,383)	1,250,314 (660,219)	825,768 (599,708)	- (9,613)	2,076,082 (1,250,314)	2,905,625	(2,240,069)
Leasehold improvements	7,729,821 (16,467,422)	- (-)	- (8,737,601)	7,729,821 (7,729,821)	5,158,569 (7,636,138)	2,571,246 (6,260,031)	- (8,737,600)	7,729,815 (5,158,569)	6	(2,571,252)
Computers	52,847,560 (16,550,213)	12,842,383 (41,760,639)	- (5,463,292)	65,689,944 (52,847,560)	13,054,295 (7,481,641)	17,290,795 (11,035,945)	- (5,463,291)	30,345,090 (13,054,295)	35,344,854	(39,793,265)
<b>Total (A)</b>	<b>67,175,404</b>	<b>14,401,807</b>	<b>-</b>	<b>81,577,212</b>	<b>20,455,915</b>	<b>21,355,276</b>	<b>-</b>	<b>41,811,191</b>	<b>39,766,021</b>	
Previous Year	(36,026,861)	(45,359,050)	(14,210,507)	(67,175,404)	(16,246,394)	(18,420,025)	(14,210,504)	(20,455,915)		(46,719,489)
<b>Intangible Assets:</b>										
Computer software*	5,757,117 (39,189,283)	17,245,307 (5,464,972)	- (38,897,138)	23,002,424 (5,757,117)	1,181,422 (14,938,755)	2,784,432 (1,718,101)	- (15,475,434)	3,965,854 (1,181,422)	19,036,570	(4,575,695)
<b>Total (B)</b>	<b>5,757,117</b>	<b>17,245,307</b>	<b>-</b>	<b>23,002,424</b>	<b>1,181,422</b>	<b>2,784,432</b>	<b>-</b>	<b>3,965,854</b>	<b>19,036,570</b>	
Previous Year	(39,189,283)	(5,464,972)	(38,897,138)	(5,757,117)	(14,938,755)	(1,718,101)	(15,475,434)	(1,181,422)		(4,575,695)
<b>Total (A+B)</b>	<b>72,932,521</b>	<b>31,647,114</b>	<b>-</b>	<b>104,579,636</b>	<b>21,637,337</b>	<b>24,139,708</b>	<b>-</b>	<b>45,777,045</b>	<b>58,802,591</b>	
Previous Year	(75,216,144)	(50,824,022)	(53,107,645)	(72,932,521)	(31,185,149)	(20,138,126)	(29,685,938)	(21,637,337)		(51,295,184)

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

\*There are no internally generated computer software.

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

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

**b. Depreciation and amortisation expense**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on Property, plant and equipment as per Note 10a	21,355,276	18,420,025
Amortisation on intangible assets as per Note 10a	2,784,432	1,718,101
<b>Total</b>	<b>24,139,708</b>	<b>20,138,126</b>

**Note 11: Long-term loans and advances (Unsecured, considered good)**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposit	9,823,500	9,008,500
Prepaid expenses	189,510	16,282
Advance Income-tax (Tax deducted at source) (Refer Note 24)	1,071,486	1,071,486
Balances with government authorities		
Cenvat Credit Receivable	2,523,763	2,669,440
<b>Total</b>	<b>13,608,259</b>	<b>12,765,708</b>

**Note 12 (a): Receivables under financing activity- Non current**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Outstanding for a period exceeding six months from the date they were due for payment	-	-
Others		
Unsecured, considered good	39,642,719	9,03,42,265
Unsecured, considered doubtful	-	5,17,127
	39,642,719	9,08,59,392
Less: Provision for doubtful receivable under financing activity	-	5,17,127
	39,642,719	9,03,42,265
<b>Total</b>	<b>39,642,719</b>	<b>90,342,265</b>

**Note 12 (b): Receivables under financing activity- Current**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Outstanding for a period exceeding six months from the date they were due for payment	-	-
Unsecured, considered good	4,523,365	4,066,014
Unsecured, considered doubtful	4,523,365	4,066,014
	4,523,365	4,066,014
Less: Provision for doubtful receivable under financing activity	4,523,365	4,066,014
	-	-
Others		
Unsecured, considered good	558,539,905	571,914,170
Unsecured, considered doubtful	73,217,568	76,053,769
	631,757,473	647,967,939
Less: Provision for doubtful receivable under financing activity	73,217,568	76,053,769
	558,539,905	571,914,170
<b>Total</b>	<b>558,539,905</b>	<b>571,914,170</b>

**Note 13: Cash and cash equivalents**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Cash in hand	106,585	2,975,352
Balances with banks:		
In Current accounts	4,905,073	2,327,442
<b>Total</b>	<b>5,011,658</b>	<b>5,302,794</b>

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

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits		
Unsecured, considered good	507,880	3,758,080
Doubtful	-	136,000
	507,880	3,894,080
Less: Provision for doubtful security deposit	-	136,000
	507,880	3,758,080

Particulars	As at March 31, 2017	As at March 31, 2016
Prepaid expenses	5,923,485	2,043,336
Advance to merchant	963,064	2,582,778
Other receivables		
Doubtful	-	160,317
Less: Provision for doubtful other receivables	-	160,317
	-	-
<b>Total</b>	<b>7,394,429</b>	<b>8,384,194</b>

**Note 15: Other current assets**

Amount in Rupees

Particulars	As at March 31, 2017	As at March 31, 2016
Accrued interest from financing activity	24,280,603	19,664,705

**Note 16: Revenue from operations**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Interest income from financing activity	292,606,116	266,169,674
Processing fees	36,603,882	37,828,282
<b>Total</b>	<b>329,209,998</b>	<b>303,997,956</b>

**Note 17: Other income**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Penalty recovered for banking instruments dishonoured	7,437,221	15,344,475
Recovery from written off asset	7,686,173	6,723,842
Miscellaneous income	1,723,604	1,008,360
<b>Total</b>	<b>16,846,998</b>	<b>23,076,677</b>

**Note 18: Employee benefits expense**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Salaries, allowances and incentives **	200,197,831	223,448,682
Contribution to provident fund	9,441,649	11,751,138
Gratuity	27,814	2,557,404
Staff welfare expenses	2,967,979	4,361,628
<b>Total</b>	<b>212,635,273</b>	<b>242,118,852</b>

**Note 19: Finance costs**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Interest on borrowings	46,700,830	38,208,230
Bank charges	1,910,253	666,758
Interest on delayed statutory payments	-	4,282
<b>Total</b>	<b>48,611,083</b>	<b>38,879,270</b>

**Note 20: Other expenses**

Amount in Rupees

Particulars	For the year ended March 31, 2017	For the fifteen months period ended March 31, 2016
Power and fuel	4,153,330	4,533,950
Rent including lease rentals (Refer Note 28)	19,134,872	25,371,833
Repairs and maintenance - Others	5,429,921	3,353,343
Insurance	661,077	748,732
Rates and taxes	6,956,883	13,566,393
Communication expenses	7,373,290	6,492,541
Travelling expenses	7,309,233	13,388,693
Postage and courier expenses	4,853,163	4,854,127
Printing and stationery	2,157,438	2,714,087
Legal and professional	3,986,870	7,328,219
Payment to auditors (Refer Note below)	5,289,761	54,16,657
Customer credit appraisals	7,807,479	9,258,612
Transaction processing charges	4,423,680	5,080,553
Loss on sale of fixed assets	-	42,627
Business promotion	1,029,095	3,140,370
Provision for doubtful trade receivables	142,718,220	96,006,423
Contingent Provision against standard assets	152,594	927,110
Write off - Receivables under financing activity	145,614,197	
Less: Provision held	(145,614,197)	-
Loss on foreign exchange translation (net)	2,921,340	2,628,948
Software expenses	19,418,245	17,005,758
Provision for doubtful security deposit and other receivables	-	296,317
Advance to merchant written off	1,635,436	-
Miscellaneous expenses	3,017,056	2,574,763
<b>Total</b>	<b>250,428,983</b>	<b>224,730,056</b>
<b>Note:</b>		
Payments to the auditors comprises (including service tax):		
As auditors-statutory audit	1,397,500	1,206,563
For taxation matters	348,563	417,874
For other services*	3,511,530	3,784,790
Reimbursement of expenses	32,168	7,430
<b>Total</b>	<b>5,289,761</b>	<b>5,416,657</b>

\*Represents payments of Rs. 2,883,757 (2016: Rs. 2,926,605) made to affiliated firm

\*\* Salary Allowance and Incentives includes outsource services

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

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

Liabilities	Foreign Currency (FC)	As at March 31, 2017			As at March 31, 2016		
		Exchange Rate	Amount in FC	Amount in Rupees	Exchange Rate	Amount in FC	Amount in Rupees
AEON Credit Service (M) Berhad	Malaysian Ringgits	14.64	RM 21,025	307,810	16.88	RM 113,379	1,914,334
AEON Financial Service Co., Ltd. Japan	Japanese Yen	0.58	JPY 2,537,776	1,470,801	0.59	JPY 60,928,455	35,867,527
AEON Credit Service Systems (Philippines) INC	US Dollars	64.84	USD 132,435	8,586,591	66.14	USD 7,887	521,653

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

Particulars	For the year ended March 31, 2017 (Rupees)	For the fifteen months period ended March 31, 2016 (Rupees)
Salaries, allowances and incentives	28,333,802	27,415,400
Software expenses	19,418,245	17,005,758
Membership and Subscription	142,992	282,499
Miscellaneous expenses	5,421	18,779

24. Contingent Liabilities and Commitments:

Future cash outflow in respect of the following matters are determinable only on receipt of judgments/decision pending at various forum/authorities:

Particulars	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)
Income Tax disallowances	-	1,051,030

The Commissioner of Income Tax (Appeals) has decided the matter in favor of the Company. Order giving effect of the appeal is awaited by the Company.

25. Defined Contribution plan:

- The Company makes Provident Fund contributions to a defined contribution plan administered by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognized Rs. 9,441,649/- (2016: Rs.11,751,138) for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2017. 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 recognised Rs. 2,843,187/- (2016: Rs. 3,258,132) for Employees' State Insurance Contribution under staff welfare expenses in the Statement of Profit and Loss for the year ended March 31, 2017.

- 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, 2017 (Rupees)	For the fifteen months period ended March 31, 2016 (Rupees)
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Opening obligation	3,650,194	1,264,136
b. Current service cost	1,971,503	1,447,530
c. Interest cost	426,415	245,855
d. Actuarial (gain) / losses	(2,370,104)	864,019
e. Benefits Paid	-	(171,346)
f. Closing obligation	3,678,008	3,650,194
<b>2. Expense recognised in the Statement of Profit and Loss</b>		
a. Current service cost	1,971,503	1,447,530
b. Interest cost	426,415	245,855
c. Actuarial (gain) / losses	(2,370,104)	864,019
d. Benefits Paid	-	(171,346)
e. Expense recognised in the year	27,814	2,557,404
<b>3. Amount recognised in Balance Sheet</b>		
a. Fair value of plan assets as at the period end	-	-
b. Present value of obligation as at the period end	3,678,008	3,650,194
c. Amount recognised in Balance Sheet	3,678,008	3,650,194
<b>4. Actuarial Assumptions</b>		
a. Discount rate (p.a.)	7.20%	7.60%
b. Mortality base	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult table
c. Turnover rate	2% - 10%	2% - 10%
d. Salary escalation rate	7%	9%
e. Normal retirement age	58 years	58 years

Description	For the year ended March 31, 2017 (Rupees)	For the fifteen months period ended March 31, 2016 (Rupees)	For the year ended December 31, 2014 (Rupees)	For the year ended December 31, 2013 (Rupees)	For the year ended December 31, 2012 (Rupees)
<b>5. Experience Adjustments</b>					
a. Present value of obligation	3,678,008	3,650,194	1,264,136	349,200	87,392
b. Experience adjustment on plan liabilities	(1,496,500)	(247,110)	70,722	160,346	-

The estimate of future salary increases considered take 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, there has been reversal of excess liability created in the current year resulting into credits of Rs. 92,510/- to the Statement of Profit and Loss for the year ended March 31, 2017 (charge for the fifteen months period ended March 31, 2016: Rs. 2,149,840)

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

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

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

**(a) Related Party with whom control exists:**

Holding Company  
Joint Venturer

AEON Financial Service Co., Ltd. Japan  
Edelweiss Financial Service Limited  
(shareholding through ECL Finance Limited,  
an affiliate of Edelweiss Financial Services Limited)

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

Fellow Subsidiary

AEON Credit Service (M) Berhad  
AEON Credit Service Systems (Philippines) INC

Key Management Personnel

Jayabalan Ramakrishnan  
Masaki Watanabe  
Yutaka Sudoh (with effect from June 29, 2016)

**(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 (M) Berhad	AEON Credit Service Systems (Philippines) INC.	
Remuneration:				
Jayabalan Ramakrishnan	- (-)	- (-)	- (-)	11,481,713 (12,793,001)
Masaki Watanabe	- (-)	- (-)	- (-)	9,667,510 (10,245,514)
Yutaka Sudoh	- (-)	- (-)	- (-)	6,153,393 (-)
Purchase of Computer Software	-	-	-	-
Capital Work in progress	(-)	(-)	(12,897,385)	(-)
Sale of Computer Software	- (-)	- (-)	- (23,379,077)	- (-)
Software Expenses	- (-)	- (-)	19,418,245 (17,005,758)	- (-)
<b>Balances as at March 31, 2017</b>				
Payable to AEON Credit Service (M) Berhad*	- (-)	1,512,439 (3,118,365)	- (-)	- (-)
Payable to AEON Financial Service Co., Ltd. Japan*	1,470,801 (35,867,527)	- (-)	- (-)	- (-)
Payable to AEON Credit Service Systems (Philippines) INC.	- (-)	- (-)	8,586,591 (521,653)	- (-)

During the year, there were no amounts written off and written back from related parties

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

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, 2017 (Rupees)	As at March 31, 2016 (Rupees)
Not later than one year	12,830,600	15,230,787
Later than one year and not later than five years	2,492,583	6,822,171
Later than five years	-	-
<b>Total</b>	<b>15,323,183</b>	<b>22,052,958</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 for a fixed monthly fees of Rs. 5,11,361 per month (equivalent to USD 7,887). The Fee is included in "Software expenses" in Note no. 20.

## 29. Earnings per equity share:

Particulars		For the year ended March 31, 2017 (Rupees)	For the fifteen months period ended March 31, 2016 (Rupees)
Loss after Tax	A	(189,758,051)	(198,791,671)
Weighted Average number of Equity Shares	B	91,000,000	75,649,123
Basic and Diluted Earnings per share	A/B	(2.09)	(2.63)
Nominal Value of Equity Shares (Rupees)		10	10

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

Particulars	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)
<b>Deferred Tax Liability:</b>		
Depreciation	4,701,380	2,888,275
<b>Deferred Tax Assets:</b>		
Section 43B disallowances		
Provision for gratuity	3,085,937	1,732,248
Provision for Doubtful receivable under financing activity (Restricted to the extent of Deferred Tax Liability)	1,136,504	1,127,910
	478,939	28,117
	4,701,380	2,888,275
Deferred Tax Liability (net)	-	-

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

## Liabilities Side:

Particulars	Amount Outstanding		Amount Overdue	
	March, 2017	March, 2016	March, 2017	March, 2016
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid	-	-	-	-
a) Debentures: (other than those falling within the meaning of Public deposit)				

Particulars	Amount Outstanding		Amount Overdue	
	March, 2017	March, 2016	March, 2017	March, 2016
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other loans	-	-	-	-
i) Loan from Bank				
- Working Capital Demand Loan	445,100,000	301,500,000	-	-
- Overdraft	-	-	-	-

**Assets side:**

Amount in Rupees

Particulars	Amount Outstanding	
	March, 2017	March, 2016
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secured	-	-
b) Unsecured	598,182,624	662,256,435
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
4) Break up of Investments		
Current Investments:		
a) <b>Quoted:</b>		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) <b>Unquoted:</b>		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Pass through Certificates)	-	-

Particulars	Amount Outstanding	
	March, 2017	March, 2016
Long-Term Investments ( Net of Provision )		
<b>a) Quoted:</b>		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b>b) Unquoted:</b>		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
- Pass through Certificates	-	-
- Security Receipts	-	-

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

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	March, 2017	March, 2016	March, 2017	March, 2016	March, 2017	March, 2016
a) Related Parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related Parties	-	-	-	-	-	-
b) Other than related parties	-	-	598,182,624	662,256,435	598,182,624	662,256,435
<b>TOTAL</b>	-	-	<b>598,182,624</b>	<b>662,256,435</b>	<b>598,182,624</b>	<b>662,256,435</b>

6) 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, 2017	March, 2016	March, 2017	March, 2016
a) Related Parties				
1) Subsidiaries	-	-	-	-
2) Companies in the same group	-	-	-	-
3) Other related Parties	-	-	-	-
b) Other than related parties	-	-	-	-
<b>TOTAL</b>	-	-	-	-

## 7) Other Information

Amount in Rupees

Particulars	March, 2017	March, 2016
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	77,740,933	80,636,910
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	-	-
c) Assets acquired in satisfaction of debt	-	-

## 32. Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2017	As at March 31, 2016
CRAR (%)	27.69%	50.91%
CRAR - Tier I Capital (%)	27.37%	50.65%
CRAR - Tier II Capital (%)	0.32%	0.26%

## 33. Asset Liability Management

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

## For the year 2017

Amount in Rupees

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

## For the year 2016

Amount in Rupees

Particulars	Liabilities	Assets	
	Borrowings	Advances	Investment
1 day to 30/31 days (One month)	301,500,000	10,683,086	-
Over 1 month to 2 months	-	85,343,660	-
Over 2 months upto 3 months	-	78,159,009	-
Over 3 months upto 6 months	-	198,692,880	-
Over 6 months to 1 year	-	272,845,184	-
Over 1 year to 3 years	-	16,532,616	-
Over 3 years to 5 years	-	-	-
Over 5 years	-	-	-
<b>TOTAL</b>	<b>301,500,000</b>	<b>662,256,435</b>	<b>-</b>

**34. Exposure to Real Estate Sector**

Amount in Rupees

Category	March, 2017	March, 2016
<b>Direct Exposure</b>		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.). Exposure includes non-fund based limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial	-	-
<b>Indirect Exposure</b>	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

**35. Exposure to capital market**

Amount in Rupees

Category	March, 2017	March, 2016
i. Direct Investment in equity shares, convertible bond, convertible debenture and unit of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
ii. Advances against shares/bonds/debenture or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debenture, and units of equity-oriented mutual funds.	-	-
iii. Lending secured by mortgages on commercial real estate's (office buildings, retail space, multi-purpose commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.). Exposure includes non-fund based limits.	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debenture/units of equity oriented mutual funds does not fully cover the advances.	-	-
v. Secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
vi. Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
vii. Bridge loans to companies against expected equity flows/issues.	-	-
viii. All exposure to venture capital funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	-	-

**36. Investments**

Amount in Rupees

Category	March, 2017	March, 2016
1 Value of Investments		
i Gross value of investments		
a) In India		
b) Outside India	-	-
ii Provision for depreciation		
a) In India		
b) Outside India	-	-
iii Net value of investments		
a) In India		
b) Outside India	-	-
2 Movement of provision held towards depreciation on investments		
i Opening Balance	-	-
ii Add: Provisions made during the year	-	-
iii Less: Write-off/Write-back of excess provisions during the year	-	-
iv Closing balance	-	-

**37. Provision and Contingencies**

Amount in Rupees

Breakup of 'Provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss Account	March, 2017	March, 2016
(i) Provisions for depreciation on investment	-	-
(ii) Provision toward NPA	142,718,220	96,006,423
(iii) Provision made toward income tax	-	-
(iv) Other provision and contingencies	-	-
a. Provision for other receivables	-	160,317
b. Provision for security deposit	-	136,000
(v) Provision for standard assets	152,594	927,110

**38. Draw Down from reserves: Nil****39. Movements of NPAs**

Amount in Rupees

Category	March, 2017	March, 2016
i Net NPAs to Net Advances (%)		
ii Movements of NPAs (Gross)	-	-
a) Opening balance	80,636,910	44,756,207
b) Addition during the year	142,718,220	96,006,423
c) Reductions during the year	145,614,197	60,125,720
d) Closing balance	77,740,933	80,636,910
iii Movements of Net NPAs		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iv Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	80,636,910	44,756,207
b) Addition during the year	142,718,220	96,006,423
c) Reductions during the year	145,614,197	60,125,720
d) Closing balance	77,740,933	80,636,910

#### 40. Miscellaneous disclosures

a. Registration obtained from other financial sector regulators:

Apart from Reserve Bank of India ("RBI"), Company is also governed by Ministry of Corporate Affairs ("MCA").

b. Disclosure of penalties imposed by RBI and other regulators:

During previous year, no penalty was imposed by RBI or other regulators.

c. Related party transactions:

Please refer Note 27 for details of related party transaction.

d. Rating assigned by credit rating agencies and migration of rating during the year:

Not applicable.

Note:

Company is a non-deposit taking/accepting NBFC. It does not carry out lending/securitisation activity. Hence, there are 'Nil' values in respect of following disclosures:-

1. Derivatives

- a. Forward rate agreement/interest rate swap
- b. Exchange traded interest rate (IR) derivatives
- c. Qualitative disclosures on risk exposure in derivatives
- d. Quantitative disclosure on risk exposure in derivatives.

2. Securitisation

- a. Disclosures relating to securitised assets etc.
- b. Details of financial assets sold to securitisation/reconstruction company for asset reconstruction
- c. Details of assignment transactions undertaken by NBFCs
- d. Details of non-performing financial assets purchased/sold

3. Details of financing of parent company products

4. Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

5. Unsecured advances

6. Concentration of deposit, advances, exposures and NPAs

- a. Concentration of deposits(for deposit taking NBFCs)
- b. Concentration of advances
- c. Concentration of exposure
- d. Concentration of NPAs
- e. Sector-wise NPAs
- f. Movement of NPAs

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

8. Off-balance sheet SPVs sponsored.

9. Disclosure of customer complaints



**41. Specified Bank Notes ("SBN"):**

Disclosure pursuant to notification issued by Ministry of Corporate Affairs ("MCA") dated March 30, 2017 relating to disclosure of Specified Bank Notes

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	436,000	4,214	440,214
(+) Permitted receipts	-	30,388,542	30,388,542
(+) Non permitted receipts	3,651,500	-	3,651,500
(-) Permitted payments	-	-	-
(-) Non Permitted payments	-	-	-
(-) Amount deposited in Banks	4,087,500	29,489,794	33,577,294
Closing cash in hand as on 30.12.2016	-	902,962	902,962

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

For **AEON Credit Service India Private Limited**

**Jayabalan Ramakrishnan**  
Managing Director  
(DIN: 05173307)

**Yutaka Sudoh**  
Whole Time Director  
(DIN: 07545854)

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

Place: MUMBAI

Date : May-31-2017

# AEON FINANCIAL SERVICE GLOBAL PRESENCE



## JAPAN

AEON FINANCIAL SERVICE CO., LTD.  
 AEON CREDIT SERVICE CO., LTD  
 AEON BANK LTD.  
 AEON INSURANCE SERVICE CO., LTD.  
 ACS CREDIT MANAGEMENT CO., LTD.  
 AEON S.S. INSURANCE CO., LTD.  
 AEON HOUSING LOAN SERVICE CO., LTD.

## CHINA

AEON INFORMATION SERVICE (SHENZHEN) CO., LTD.  
 AEON CREDIT GURANTEE (CHINA) CO., LTD.  
 AEON MICRO FINANCE (SHENYANG) CO., LTD.  
 AEON MICRO FINANCE (TIANJIN) CO., LTD.

## HONGKONG

AEON CREDIT SERVICE (ASIA) CO., LTD.  
 AEON INSURANCE BROKERS (HK) LIMITED

## THAILAND

AEON THANA SINSAP (THAILAND) PLC.  
 ACS CAPITAL CORPORATION LTD.  
 AEON INSURANCE SERVICE (THAILND) CO., LTD.  
 ACS SERVICING (THAILND) CO., LTD.

## MALAYSIA

AEON CREDIT SERVICE (M) BERHAD

## TAIWAN

AEON CERDIT SERVICE (TAIWAN) CO., LTD.  
 AEON CREDIT CARD (TAIWAN) CO., LTD.

## INDONESIA

PT. AEON CREDIT SERVICE INDONESIA

## VIETNAM

ACS TRADING VIETNAM CO., LTD.

## PHILIPPINES

AEON CREDIT SERVICE SYSTEMS (PHILIPPINES) INC.  
 AEON CREDIT SERVICE(PHILIPPINES) INC.

## CAMBODIA

AEON MICROFINANCE (CAMBODIA) -  
 PRIVATE COMPANY LIMITED

## INDIA

AEON CREDIT SERVICE INDIA PRIVATE LIMITED

## MYANMAR

AEON MICROFINANCE (MYANMAR) CO., LTD

## LAOS

AEON LEASING SERVICE (LAOS) CO., LTD.



**AEON Credit Service India Pvt. Ltd.**