

AEON Credit Service India

Annual Report 2015-16



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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 providing 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 thereon. 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. The company, currently has three branch offices at Kolkata, Chennai and Delhi which are being managed through its Head office in Mumbai. 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. Masaki Watanabe,
Executive 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

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

BRANCH OFFICES

Chennai Branch

Golden Rays Business Centre,
Old No: 29A,
New No: 53A,
Lake View Road,
West Mambalam,
Chennai - 600 033
Tel: +91 44 4330 0029

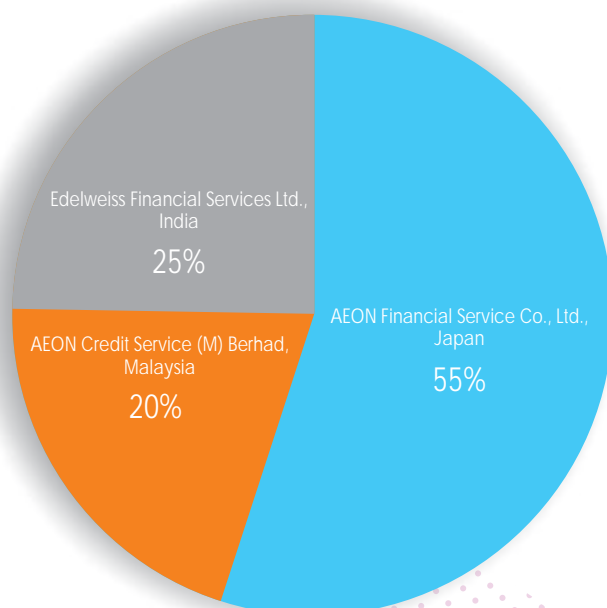
Delhi Branch

115, Ansal Tower-38,
Nehru Place,
New Delhi- 110019
Tel: +91 11 41061643

Kolkata Branch

Room No: 302, 3rd Floor,
Krishna Building,
224 AJC BOSE Road,
Kolkata - 700 017
Tel: +91 33 40617163

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.	– 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	– Rs.182.0 million (18.20 million shares)

AEON Financial Service Co., Ltd.

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 "customer-centered 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 businesses 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

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 AEON Credit Service India's Annual Report and Audited Financial Statements for the financial year 2015-16.

Review of Performance

In FY 2015-16, in line with regulatory requirement, we successfully completed the capital infusion exercise in May'15 and we hereby wish to thank our shareholders for their continuous support and confidence on our company performance.

Post capital infusion exercise, we reviewed overall business strategy of the company in August'15 and finally we took a decision to restructure the business based on targeted area to improve management control, profitability and efficiency of operations. After 6 months of area strategy execution, we successfully shifted the overall company business to Mumbai and downsized branches operation.

As at Mar'16, we recorded total sales volume of Rs.1.4 billion and revenue of Rs.327 million at 168% and 184% growth respectively against the same period last year (fifteen months result). As on today, we accumulated total number of 1500 participating merchant stores nationwide against 1000 stores the previous year. However, overall merchant active ratio recorded lower at approximately 20% in view of the area strategy implementation and downsizing of branches.

As part of our management objectives, we continue to focus on strengthening credit policies, credit management and back-end operations to improve efficiency towards realising profitability in Mumbai. We managed to improve staff productivity and management control with further investment on system and the company has also been able to strengthen its corporate governance with strong independent functions of internal audit and compliance departments in the year 2015.

The company has incurred loss of Rs. 198.8 Million during FY-2015-16 and declared higher impairment losses provision amounting to Rs.80.6 Million at 180% against same period last year in view of losses from branch exit and restructuring of business. The company has employed 336 employees out of which 315 employees are based in HQ office in Mumbai and the rest are based in Delhi, Chennai and Kolkata offices.

Looking forward

In line with AEON Group strategy and positive market scenario, we plan to focus our business expansion in Mumbai targeting on "New to Credit" customers. We target to expand existing consumer durable loan product by introducing more lifestyle product financing schemes covering furniture, IT gadgets and etc. to meet the needs of our customers in our targeted area. The Company also plans to diversify its products offering into small ticket cash loan / personal loan in the year 2016 primarily targeting on its existing customer base to enhance customer loyalty and services.

The company announced its policy slogan as "Productivity & Profitability through Innovation" for the year 2016 with the objective to leverage on financial technology - "Fin-Tech" to realise its operation efficiency and scale up the business.

Acknowledgment

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



Masaki Watanabe
Executive 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.

Mr. Kumar Rajagopalan 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.



Kumar Rajagopalan
Non-Executive Director



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 committee 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

MANAGEMENT TEAM



MR. MASAKI WATANABE
Executive Director,
Head of Operation Division



Mr. SANJAYA KUMAR DASH
Head of Corporate
Governance



MR. R. JAYABALAN
Managing Director



Mr. SHINICHIRO MIYAKAWA
Head of Corporate Planning



Mr. GAURANG MEHTA
Head of Finance Operations
Department



Mr. PABITRA KUMAR MISRA
Head of Corporate Planning
& Strategy



Mr. RAJESH AIWALE
Head of IT System &
Method Department



Mr. EJAZ SHAIKH
Head of Credit
Management
Department



Mr. RAJENDRA CHANDE
Head of Human Resource
Department



Mr. PRAVEEN MANISHI
Head of Hire Purchase
Business



Mr. SUBHAJIT DEB
Head of Sales Department



Mr. KUMAR IYER
Head of Credit Assessment
Department



Ms. DEBASHREE GUPTA
Head of Customer &
Merchant Service
Department



MR. AMIT KOYANDE
Head of Administration



Mr. PRAMOD NAIR
Head of Fraud Control
Department



Mr. Rajeev Jha
Head of Product
Development

2015 EVENTS & ACTIVITIES

We at AEON Credit India encourage employee engagement in accordance with the principles and philosophy of the company. We try to achieve this by celebrating the rich and diversified culture of India at our workplace and therefore, regularly organize various events during the festivals and various training activities for the employees and ensure their active and enthusiastic participation in the same. Such engagements not only help satisfy their recreational needs but also inculcates the values of discipline, responsibility, leadership etc. in them. Besides, it helps them understand the need of team building and improves their Inter and Intra departmental communication and ushers them to foster relationships amongst themselves.



NAVRATRI CELEBRATION

Employees enthusiastically participated in the celebration of Navaratri festival wherein they came to the workplace in predefined dress colour code in traditional wear for 9 days during this festive occasion.

DIWALI CELEBRATION

The festival of lights, Diwali, was celebrated with lot of enthusiasm. Traditional dress competition was organized for all the employees where they showed up in colourful traditional wear to match the spirit of the festival.



CHRISTMAS CELEBRATION

Respecting the diversity of the country, celebration of festivals belonging to various other religions were also organized. Christmas celebrations also brought all the employees together as various fun activities were organized and this was followed by lunch for all the employees.

HOLI CELEBRATION

Festival of colours, Holi, was also celebrated at the workplace with competition held amongst various departments. Employees shared best wishes with each other and also competed in various games organised for them. Fun at work together with solidarity was displayed in true spirit.



TRAINING PROGRAMMES

We at AEON Credit India, continuously strive to cultivate and nurture aspirations of our employees by arranging various training sessions for them. These programmes help us in encouraging and motivating the employees to develop their skills in their jobs and continuously work towards improving their skills so that they can provide superior services according to the needs of customers.

Regular company-wide trainings are also organized to educate the employees on the basic philosophies of the AEON group and various HR policies. Last year, such training on AEON Code of Conduct, ethics and other HR policies of the company, was organized in the month of April, May and July 2015 for all the employees.



"CUSTOMER FIRST"

In August 2015, training programmes were conducted for Sales Promoters to help them understand the basics of selling, importance of 'Customer first' philosophy, customer query resolution skills, etc. This objective was not only to help them improve their knowledge but to also improve their Behavioural skills while grooming themselves to provide better customer satisfaction. There were total 91 participants in these programmes.

"LEADERSHIP DEVELOPMENT"

Training was organized for the Marketing Officers and above level Sales staff in July 2015 with the objective to groom their leadership qualities by making them understand the role and importance of leading a team and by training them on team management skills. About 14 team leads participated in the programme.



"CUSTOMER SERVICE"

Training was also conducted to educate the concerned staff on the effective telephone techniques for doing collections and for providing good Customer Service. This training, which was basically organized to help staff improve their communication skills, took place in the month of October 2015, where Desk Callers for Collections and Customer Service staff were trained on various techniques to effectively communicate with the customers and resolve their queries on the telephone. Around 49 concerned staff members were a part of this training. In November 2015, about 64 people participated in the training.

NOTICE

FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of AEON Credit Service India Pvt. Ltd. will be held on Wednesday, 29th June, 2016 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. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit and Loss Account and Cash Flow Statement for the Financial Year from 1st January, 2015 to 31st March, 2016 together with the Reports of the Directors and the Auditors thereon.

2. Appointment of 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 Sections 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 are 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 sixth AGM of the Company 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. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as Ordinary Resolution:-

"RESOLVED THAT Mr. Yutaka Sudoh(DIN-07545854) who was appointed as an Additional Director by the Board with effect from 29th June, 2016 pursuant to Section 161 of the Companies Act, 2013 to hold office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and subject to approval of the Central Government and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, the consent of the members of the Company be and are hereby accorded to the appointment of Mr. Yutaka Sudoh(DIN-07545854) as Whole Time Director of the Company with effect from 29th June, 2016 till 30th June, 2018 on the following terms and conditions including remuneration and other perquisites duly approved by the Board on recommendation of its Remuneration & Nomination Committee:-

Salary: JPY 730,000/- per month (approximately INR 471,953/- month)

(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.

Bonus: Since Mr. Sudoh assumed office in the interim term, the bonus amount payable for the year 2016 will be based on Japan standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies.

RESOLVED FURTHER THAT any of the Directors and 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."

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197 and other applicable provisions if any of the Companies Act, 2013 read with Schedule V to the said Act and subject to approval of the Central

Government if required and in pursuance to the provisions of Articles of Association of the Company, consent of the members of the Company be and are hereby accorded to the reappointment of Mr. Masaki Watanabe (DIN-06904968) as Whole Time Director of the Company with effect from June 28, 2016 till June 30, 2018 on the following revised terms and conditions including remuneration, performance bonus and other perquisites duly approved by the Board on recommendation of its Remuneration & Nomination Committee:-

Salary: JPY 680,000/- per month (approximately INR 439,627/- month)

(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.

Bonus for the Year 2016: To be decided as per the AFS Japan's norms.

(for conversion into INR, exchange rate as on the date of payment will be considered.)

RESOLVED FURTHER THAT any of the Directors and 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."

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

"RESOLVED THAT pursuant to provisions of Sections 197 and other applicable provisions if any of the Companies Act, 2013 read with Schedule V to the said Act and subject to approval of the Central Government if required and in pursuance to the provisions of Articles of Association of the Company, consent of the members of the Company be and are hereby accorded to the increment in the monthly salary and performance bonus for the year 2015 payable to Mr. Ramakrishnan Jayabalan, Managing Director (DIN-05173307) duly approved by the Board on recommendation of its Remuneration & Nomination Committee as detailed below:-

Salary: USD 9,300/- per month (approximately INR 627,936/- per month)

(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.)

Performance Bonus for the Year 2015: USD 24,800 (approximately INR 1,669,908/-)

(for conversion into INR, exchange rate as on the date of payment will be considered.)

RESOLVED FURTHER THAT any of the Directors and 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."

By order of the Board of Directors

Place: Mumbai
Date: June 29, 2016

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 Business under Item No. 3 is annexed hereto forming part of this Notice.
4. The proxy form is enclosed herewith for appointing proxy on behalf of any members.

ITEM NO. 3

Mr. Yutaka Sudoh was appointed as Additional Director by the Board of Directors on 29th June, 2016 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. Sudoh as a Director on the Board.

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. Yutaka Sudoh as a Director on the Board of the Company.

Except Mr. Yutaka Sudoh, 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. Yutaka Sudoh, Additional Director was appointed as Whole Time Director of the company by the Board in its Meeting held on 29th June, 2016 for a period effective from June 29, 2016 till 30th June, 2018 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. Yutaka Sudoh as Whole Time Director including his remuneration and other terms and condition.

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

Salary: JPY 730,000/- per month (approximately INR 471,953/- month)

(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: Since Mr. Sudoh assumed office in the interim term, the bonus amount payable for the year 2016 will be based on Japan standards and norms with subsequent revisions in future as per the Policies and norms of Group Companies.

A statement pursuant to pursuant to Section II of Part II of Schedule-V of the Companies Act, 2013 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. Yutaka Sudoh, 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. Masaki Watanabe, Director was appointed as Whole Time Director of the company by the Board in its Meeting held on 27th June, 2014 for a period of two years w.e.f 28th June, 2014 on such terms and condition including remuneration & other allowances, perquisites etc. on the recommendation of the Remuneration Committee of the Board with subsequent approval of the Members of the Company in Extra-ordinary General Meeting held on 23rd April, 2015 pursuant to the provisions of sections 196, 197 and other applicable provisions (including statutory modification or re-enactment thereof) of the Companies Act, 2013. The existing terms of appointment of Mr. Watanabe as Whole Time Director of the Company expired on 27th June, 2016.

In view of the above, Mr. Masaki Watanabe, Director of the Company was reappointed as Whole Time Director for a further period effective from 28th June, 2016 till 30th June, 2018 with approval of Board of

Directors in its meeting held on 27th May, 2016 and subsequently his revised terms and conditions including remuneration and performance bonus for the year 2015 was approved by the Board of Directors in its meeting held on 29th June, 2016 on the recommendation of Remuneration and Nomination Committee of the Board, the details of which are as follows:-

Salary: JPY 680,000/- per month (approximately INR 439,627/- month)

(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.

Bonus for the Year 2016: To be decided as per the AFS Japan's norms.

(for conversion into INR, exchange rate as on the date of payment will be considered.)

Therefore, as per the provisions of sections 196, 197 and other applicable provisions (including statutory modification or re-enactment thereof) of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and subject to approval of the Central Government and in pursuance to the provisions of Article 12 of the Articles of Association of the Company, 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 reappointment of Mr. Masaki Watanabe as Whole Time Director with the above said revised terms and conditions including remuneration and performance bonus for the year 2015.

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

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

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

ITEM NO. 6

As per the Group Companies' policy and norms and based on recommendation of Remuneration & Nomination Committee, the Board considered and approved an increase in remuneration of Mr. Jayabalan Ramakrishnan, Managing Director from USD 8,600 (INR 581,188/- approximately) per month to USD 9,300 (INR 627,936/- approximately) per month w.e.f 1st June, 2016 and performance bonus amounting to USD 24,800 (approximately INR 1,669,908/-) for year 2015 payable to Mr. Jayabalan Ramakrishnan.

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 and performance bonus payable to Mr. Jayabalan Ramakrishnan, Managing Director. The other terms and conditions will remain same.

Except Mr. Jayabalan Ramakrishnan, 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: June 29, 2016

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, 2016 (Audited) based on given indicators

a) Net Profit/(Loss):- INR 198,791,671;

b) Total Assets (INR):-

Financing Receivable	742,893,345
Allowance for Bad Debts	(80,636,910)
Cash & Cash equivalents	5,302,794
Other Assets	117,758,426
Total	785,317,655

c) Total Liabilities & Equities (INR):-

Total Liabilities	387,398,598
Shareholders' Fund	397,919,057
Total	785,317,655

(5) Foreign investment or collaboration if any

Foreign Direct Investment:- INR 682,500,000

II. INFORMATION ABOUT THE APPOINTEE :

A. Mr. Yutaka Sudoh as Whole Time Director

1. Background Details:-

Date of Birth:	1st MAY 1961
Qualification and Education Background	
Year	Particulars
1985	BA Degree in Economics - Waseda University Faculty of Political Science & Economics
1992	Chartered Member of Security Analysts Association of Japan
2008	General Securities Representative - Japan Securities Dealers Association
2009	Certified Financial Internal Auditor- Institute of Internal Auditors-Japan
2011	Qualified Chief of Money Lending Operations (Japanese Government Qualification)
Employment History	
Year	Particulars
1985 - 1986	● Midland Bank Plc., Tokyo, Operations Dept.
1986 - 1988	● Credit Analyst, Midland Bank Plc., Tokyo
1988 - 1993	● Corporate Banking Manager, Midland Bank Plc., Tokyo
1993 - 1995	● Deputy Manager, Corporate Business Dept., Credit Lyonnais, Tokyo
1995 - 2004	● Manager, Financial Institutions Dept., Credit Lyonnais, Tokyo
2004 - 2007	● Vice President, Commercial & Structured Finance Dept., Credit Agricole (formerly Credit Lyonnais), Tokyo

2007 - 2008	<ul style="list-style-type: none"> Senior Vice President, Financial Institutions Group, Credit Agricole Corporate & Investment Bank, Tokyo
2008 - 2009	<ul style="list-style-type: none"> Managing Director, Chinatrust Commercial Bank, Tokyo
2010 - 2012	<ul style="list-style-type: none"> Director, Volvo Group Treasury, Volvo Group Japan Corp.
2013 - 2014	<ul style="list-style-type: none"> General Manager, Risk Management Dept., Aeon Financial Service Co., Ltd.
2014-2015	<ul style="list-style-type: none"> General Manager, Corporate Management- Mekong Region, Aeon Financial Service Co., Ltd. Senior Executive Vice President, Aeon Thana Sinsap (Thailand) Pcl. Chairman, Aeon Insurance Service (Thailand) Co., Ltd. Chairman, ACS Servicing (Thailand) Co., Ltd. Chairman, ACS Capital (Thailand) Co., Ltd.
2015	<ul style="list-style-type: none"> Director of Board, Aeon Insurance Service (Thailand) Co., Ltd.

2. Past Remuneration: -Not Applicable.

3. Recognition or Awards:-Mr. Yutaka Sudoh has been well recognised by various corporates including AEON groups companies since the year 1985. Mr. Sudoh, due to his excellent managerial ability, could reach at a position like Director of Board, Aeon Insurance Service (Thailand) Co., Ltd.

4. Job Profile and his suitability:-

- Banking & Financing Operations;
- Credit Analysis in Bank;
- Risk Management Department;
- Insurance & Service Sector.

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. Yutaka Sudoh, 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. Yutaka Sudoh does not have any pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.

B. Mr. Masaki Watanabe as Whole Time Director

1. Background Details:-

Mr. Masaki Watanabe joined AEON Credit Service Co., Ltd (Japan) in the year 2002 in the department of Consumer Financing. Due to his excellent performance, he got many promotions and transferred to other AEON group of companies. Presently he is working as Executive Director of AEON Credit Service India Private Limited.

2. Past Remuneration: -

Please refer Item No. 5 of the Explanatory Statement.

3. Recognition or Awards:-

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

4. Job Profile and his suitability:-

- Consumer Financing;
- Credit Assessment;
- Credit Management.

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

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

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

III. OTHER INFORMATION :

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

(2) Steps taken or proposed to be taken for improvement:-The Company's present business strategy of product diversification, strengthening internal controls, increase in operation efficiency and cost cutting 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	Dec. 2016	Dec. 2017	Dec. 2018
Turnover (Productivity)	1,800,000	2,502,000	3,300,000
Net Profit	-86,363	78,432	500,746

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 : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on Friday, 26th June, 2015 at 1:00 PM 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 Fifth Annual Report and the Audited Financial Statements for FY 2015-16 (from 1st January 2015 to 31st March, 2016). 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 2015-16 are governed by the relevant provisions, schedules, rules of the Companies Act, 2013.

FINANCIAL PERFORMANCE SUMMARY

Particulars	Year ended 31st March, 2016 (from 1st Jan. 2015 to 31st Mar. 2016) (in Rupees)	Year ended 31st December, 2015 (in Rupees)	Year ended 31st December, 2014 (in Rupees)
Gross Income	327,074,633	251,517,095	128,969,545
Expenditure	505,728,178	395,962,280	278,957,721
Profit / (Loss) Before Depreciation & Tax	(178,653,545)	(144,445,85)	(149,988,176)
Less: Depreciation	20,138,126	15,038,527	17,394,583
Less: Provision for Taxation (Including Deferred Tax and Fringe Benefit Tax)	NIL	NIL	NIL
Less: Provision for proposed dividend (Including Dividend Tax)	NIL	NIL	NIL
Net Profit / (Loss) After Tax	(198,791,671)	(159,483,713)	(167,382,759)
Balance carried to Balance Sheet	(512,080,943)	(472,772,985)	(313,289,272)

OPERATIONS & PERFORMANCE:

In FY 2015-16, in line with capital requirement for further business growth and regulatory requirement, the company has raised its paid up capital from Rs. 410 million to Rs. 910 million with additional subscription from its existing shareholders in May, 2015. Subsequent to the additional capital infusion, the company reviewed its overall business strategy in August, 2015 and finally towards the end of the financial year, took decision to restructure the business based on targeted areas to improve management control, profitability and efficiency of operations. After six months of area strategy execution, the company successfully shifted its overall company sales volume to Mumbai and downsized the branches' operation to almost zero in terms of new sales. As at March 2016, the Company recorded a total sales volume of Rs. 1.4 billion and a revenue of Rs. 327 million at 168% and 184% growth respectively against the same period last year (fifteen months result).

As on today, the Company accumulated its total number of 1,500 participating merchant stores nationwide against 1,000 stores in the previous year. However, overall merchant active ratio recorded lower at approximately 20% in view of the area strategy implementation and downsizing branches.

As part of our management objectives we continue to focus on strengthening credit policies, credit management and back-end operations to improve efficiency towards realising profitability in Mumbai. The Company managed to improve staff productivity and management control with further investment on system and the company has also been able to strengthen its corporate governance with strong independent functions of internal audit and compliance departments in the year 2015.

The company has incurred loss of Rs. 198.8 million and declared higher impairment losses provision amounting to Rs. 80.6 million at 180% against same period last year in view of losses from branch exit and restructuring of business. The company has employed 336 employees out of which 315 employees are based in HQ office in Mumbai and the rest are based in Delhi, Chennai and Kolkata offices.

FUTURE OUTLOOK AND BUSINESS PLANS:

In line with AEON Group strategy and positive market scenario, the company plans to focus its business expansion in Mumbai targeting on new to credit customers segments at middle and lower income group. We target to expand existing consumer durable loan product by introducing more lifestyle product financing schemes covering furniture, IT gadgets and etc. to meet the needs of our customers in our targeted area. The Company also plans to diversify its products offering into small ticket cash loan / personal loan in the year 2016 primarily targeting on its existing customer base to enhance customer loyalty and services.

The company announced its policy slogan as “Productivity & Profitability through Innovation” for the year 2016 with the objective to leverage on financial technology – “Fin-Tech” to realise its operation efficiency and scale up the business.

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 is 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 31.03.2016 (from 1st Jan. 2015 to 31st Mar. 2016) (Amount in Rupees)	Year ended 31.12.2014 (Amount in Rupees)
Earnings in Foreign Exchange	-	-
Expenditure in Foreign Exchange	44,722,436	19,315,311

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 alongwith 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 five Directors consisting of two Executive Directors and three Non-Executive Directors.

Mr. Takayuki Araki, Non- Executive Director resigned from the Board of the Company w.e.f 08.05.2015 due to his personal commitment. The Board took note of his notice of resignation and placed on record its appreciation for valuable guidance and services extended by him during his tenure.

MEETING OF BOARD OF DIRECTORS:

The Board of Directors have met fifteen times during the financial year under review on 30.01.2015, 27.02.2015, 25.03.2015, 23.04.2015, 21.05.2015, 26.06.2015, 20.07.2015, 26.08.2015, 30.09.2015, 29.10.2015, 23.11.2015, 28.12.2015, 28.01.2016, 26.02.2016 & 30.03.2016.

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, 2016 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 & AUDITORS' 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 REPORT:

The extract of the Annual Return for the financial year ended 31st March, 2016 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: 27.05.2016

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: 27.05.2016

JAYABALAN RAMAKRISHNAN
Managing Director

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2016
[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 Yes / No : 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.
Tel: 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:-

Sr. 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 :-

Sr. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN/REGN. No.	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	AEON Financial Service Co., Ltd. Address : Terrace Square, 22, 3-Chome, Kandanishiki-cho, Chiyoda-KU, Tokyo 101-0054, Japan	0100-01-010887	Holding Company	55%	Section 2(46) of Companies Act, 2013
2	AEON Credit Service(M) Berhad 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	Edelweiss Financial Services Ltd. (Holding equity share through ECL Finance Limited) Address: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai, Maharashtra -400098	U65990MH2005PLC154854	Associate Company	25%	Section 2(6) of Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total share	Demat	Physical	Total	% of Total share	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian -	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total –(A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	01	01	0	-	01	01	0	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	8,199,999	8,199,999	20	-	18,199,999	18,199,999	20	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other.....	-	-	-	-	-	-	-	-	-
Sub-total –(A) (2)	-	8,200,000	8,200,000	20	-	18,200,000	18,200,000	20	-
Total Shareholding of Promoter(A)=(A)(1) + (A) (2)	-	8,200,000	8,200,000	20	-	18,200,000	18,200,000	20	-
B. Public Shareholding									
1. Institution									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs --	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others-	-	-	-	-	-	-	-	-	-
Sub-total –(B) (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a) Bodies Corporate									
i) Indian	10,250,000	-	10,250,000	25	22,750,000	-	22,750,000	25	-
ii) Overseas	-	22,550,000	22,550,000	55	-	50,050,000	50,050,000	55	-
b) Individuals									
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)	-	-	-	-	-	-	-	-	-
Sub-total –(B) (2)	10,250,000	22,550,000	32,800,000	80	22,750,000	50,050,000	72,800,000	80	-
Total Public Shareholding (B) =(B)(1) + (B)(2)	10,250,000	22,550,000	32,800,000	80	22,750,000	50,050,000	72,800,000	80	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	10,250,000	30,750,000	41,000,000	100	22,750,000	68,250,000	91,000,000	100	-

(ii) *Shareholding of Promoters:*

Sr. 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) Berhad	81,99,999	20	-	18,199,999	20	-	-
2	Kenjiro Inoue	1	0	-	1	0	-	-
3	Total	82,00,000	20	-	18,200,000	20	-	-

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

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

Sr. 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	AEON Financial Service Co., Ltd., Japan				
	At the beginning of the year	22,550,000	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.)	-	-	27,500,000 (Further allotment)	-
	At the end of the year	22,550,000	55	50,050,000	55

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	ECL Finance Limited				
	At the beginning of the year	10,250,000	25	27,750,000	25
	Increase or decrease in shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	12,500,000 (Further Allotment)	-
	At the end of the year	10,250,000	25	50,050,000	25

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	AEON Credit Service(M) Berhad				
	At the beginning of the year	8,200,000	20	18,200,000	20
	Increase or decrease in Promoters shareholding during the year specifying the reason for increase or decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	10,000,000 (Further Allotment)	-
	At the end of the year	8,200,000	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. INDEBTENDNESS:

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

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	-	370,122,000	-	370,122,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (I + ii + iii)	-	370,122,000	-	370,122,000
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	68,622,000	-	68,622,000
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
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

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

Sr. No.	Particulars of Remuneration	Jayabalan Ramakrishnan, Managing Director (Rs.)	Masaki Watanabe, Whole Time Director (Rs.)	Total Amount (Rs.)
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,793,001	10,245,514	23,038,515
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-
	(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)	12,793,001	10,245,514	23,038,515
	Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable

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: 27.05.2016

JAYABALAN RAMAKRISHNAN
Managing Director

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
AEON CREDIT SERVICES INDIA PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of AEON CREDIT SERVICES INDIA PRIVATE LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the fifteen months period then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the fifteen months period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable;
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place of Signature: Mumbai
Date: 27.5.2016

Amol A. Apte
(Partner)
(Membership No. 076289)

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

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

Having regard to the nature of the Company's business/activities/results during the year, clauses (ii), (v), (vi), (ix), and (xi) of paragraph 3 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company is in the process of maintaining records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) All the fixed assets were physically verified at the period-end by the management. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of fixed assets. The internal control system needs to be strengthened with regards to the sale of services. During the course of our audit we have not observed any major weakness in such internal control system.

(iv) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2016 on account of dispute is given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (in D)
Income Tax Act, 1961	Income-tax	Commissioner of Income-tax (Appeals)	2012-13	525,515

(d) There are no amounts that are due to be required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(v) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Amol A. Apte
(Partner)
(Membership No. 076289)

Place of Signature: Mumbai
Date: 27.5.2016

BALANCE SHEET

AS AT MARCH 31, 2016

Amount in Rupees

Particulars	Note No.	As at March 31, 2016	As at December 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	910,000,000	410,000,000
Reserves and surplus	4	(512,080,943)	(313,289,272)
		397,919,057	96,710,728
Non-current liabilities			
Long-term provisions	5	7,609,441	3,526,435
Deferred tax liability (net)	30	-	-
Current liabilities			
Short-term borrowings	6	301,500,000	370,122,000
Trade payables	7		
(i) Total outstanding dues of Micro and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		27,939,781	15,350,283
Other current liabilities	8	47,823,270	20,296,943
Short-term provisions	9	2,526,106	1,581,767
		379,789,157	407,350,993
TOTAL		785,317,655	507,588,156
ASSETS			
Non-current assets			
Fixed assets	10a		
Tangible assets		46,719,489	19,780,467
Intangible assets		4,575,695	24,250,528
Capital work-in-progress		25,648,635	-
Long-term loans and advances	11	12,765,708	7,169,174
		89,709,527	51,200,169
Current assets			
Receivables under financing activity	12	662,256,435	429,447,131
Cash and cash equivalents	13	5,302,794	3,975,684
Short-term loans and advances	14	8,384,194	12,845,476
Other Current assets	15	19,664,705	10,119,696
		695,608,128	456,387,987
TOTAL		785,317,655	507,588,156

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

Amol A. Apte
Partner

Jayabalan Ramakrishnan
Managing Director
(DIN : 05173307)

Masaki Watanabe
Director
(DIN : 06904968)

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

Place: Mumbai
Date: 27.05.2016

Place: Mumbai
Date: 27.05.2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Amount in Rupees

Particulars	Note No.	For the fifteen months period Ended March 31, 2016	For the Year Ended December 31, 2014
Revenue from operations	16	303,997,956	123,332,178
Other income	17	23,076,677	5,637,367
Total Revenue		327,074,633	128,969,545
Expenses:			
Employee benefits expenses	18	242,118,852	111,025,861
Finance costs	19	39,904,983	32,492,692
Depreciation/Amortisation expense	10b	20,138,126	17,394,583
Other expenses	20	223,704,343	135,439,168
Total Expenses		525,866,304	296,352,304
Loss before tax		(198,791,671)	(167,382,759)
Less: Tax expense		-	-
Loss after tax		(198,791,671)	(167,382,759)
Earnings per share (Face value of shares Rs. 10 each)	29		
(a) Basic		(2.63)	(4.08)
(b) Diluted		(2.63)	(4.08)

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

Amol A. Apte
Partner

Jayabalan Ramakrishnan
Managing Director
(DIN : 05173307)

Masaki Watanabe
Director
(DIN : 06904968)

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

Place: Mumbai
Date: 27.05.2016

Place: Mumbai
Date: 27.05.2016

CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS PERIOD ENDED MARCH 31, 2016

Amount in Rupees

Particulars	For the fifteen months period Ended March 31, 2016	For the Year Ended December 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax	(198,791,671)	(167,382,759)
<u>Adjustment for:</u>		
Depreciation and amortisation expense	20,138,126	17,394,583
Interest income on fixed deposits	-	(733,355)
Interest income from financing activity	(266,169,674)	(110,449,485)
Finance cost	39,904,983	32,492,692
Loss on sale of fixed assets	42,627	-
Provision for retirement benefits	4,100,235	2,085,814
Provision for doubtful trade receivables	35,880,703	61,345,259
Contingent provision against standard assets	927,110	(178,207)
Loss / (Gain) on foreign exchange translation (net)	2,834,838	(928,378)
	(162,341,052)	1,028,923
Operating Loss before Working Capital changes	(361,132,723)	166,353,836)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under financing activity	(268,690,007)	20,057,085
Long-term loans and advances	(5,397,800)	4,603,045
Short-term loans and advances	4,461,282	6,908,794
Adjustments for (increase) / decrease in operating liabilities:		
Trade payables	12,589,498	2,914,127
Other current liabilities	24,691,497	8,701,964
Cash used in operations after working capital changes and before adjustments for interest received and interest paid	(593,478,253)	(123,168,821)
Interest received	256,624,657	110,398,649
Interest paid	(39,904,983)	(32,492,692)
Cash used in operations	(376,758,579)	(45,262,864)
Income-tax (paid)/refund (taxes deducted at source)(net)	(525,515)	927,486
NET CASH USED IN OPERATING ACTIVITIES (A)	(377,284,094)	(44,335,378)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital advance	(50,497,241)	(12,434,450)
Capital work in progress	(25,648,635)	-
Sale of fixed assets	23,379,080	-
NET CASH USED IN INVESTING ACTIVITIES (B)	(52,766,796)	(12,434,450)
Contd.....		

Amount in Rupees

Particulars	For the fifteen months period Ended March 31, 2016	For the Year Ended December 31, 2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds in unsecured working capital demand loan	(68,622,000)	39,322,000
Proceed from Issue of shares	500,000,000	-
NET CASH FROM FINANCING ACTIVITIES (C)	431,378,000	39,322,000
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,327,110	(17,447,828)
Cash and cash equivalents at the beginning of the year	3,975,684	21,423,512
Cash and cash equivalents at the end of the year	5,302,794	3,975,684
	As at March 31, 2016	As at December 31, 2014
Cash in hand	2,975,352	2,077,449
Balance with banks:		
In Current accounts	2,327,442	1,898,235
Cash and cash equivalents as at the end of the year	5,302,794	3,975,684

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

Amol A. Apte
Partner

Jayabalan Ramakrishnan
Managing Director
(DIN : 05173307)

Masaki Watanabe
Director
(DIN : 06904968)

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

Place: Mumbai
Date: 27.05.2016

Place: Mumbai
Date: 27.05.2016

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).

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, the Company has extended its financial year by three months ending March 31, 2016. Accordingly, the Statement of Profit and Loss is for fifteen months i.e., from January 1, 2015 to March 31, 2016. The corresponding figures are for twelve months period i.e. January 1, 2014 to December 31, 2014 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 recognized 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) Fixed Assets

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

d) Impairment of Fixed Assets

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 recognized 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.

e) Depreciation/Amortisation

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

Assets	Rate(SLM)
Furniture and fixtures	20.00%
Office equipment	20.00%
Computers	50.00%
Server (included in Computers)	20.00%
Computer software	20.00%

Leasehold improvements are amortised over the unexpired period of lease.

f) 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 dishonored are recognized on receipt basis.

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

g) 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 has enhanced its provisioning norms and provides for entire receivables, where any of the installments are overdue for a period exceeding 3 months. Further, the Company writes off the entire receivables, where no payments are received in last 3 months and installments are overdue for a period exceeding 11 months. However, 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.

h) 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.

i) 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.

j) 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 income 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.

k) 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. 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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, 2016	As at December 31, 2014
A Authorised: 91,000,000 (2014: 41,000,000) Equity Shares of Rs. 10 each	910,000,000	410,000,000
B Issued, subscribed and fully paid-up 91,000,000 (2014: 41,000,000) Equity Shares of Rs. 10 each	910,000,000	410,000,000

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, 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
As at December 31, 2014			
Number of shares	41,000,000	-	41,000,000
Amount in Rupees	410,000,000	-	410,000,000

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

Class of Shares/Name of Share holder	As at March 31, 2016		As at December 31, 2014	
	Number of Shares held	% Holding	Number of Shares held	% Holding
Equity shares				
AEON Financial Service Co., Ltd. Japan	50,050,000	55%	22,550,000	55%
Held by AEON Credit Service (M) Berhad, a subsidiary of AEON Financial Service Company Ltd., Japan	18,200,000	20%	8,199,999	20%

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

Class of Shares/Name of Share holder	As at March 31, 2016		As at December 31, 2014	
	Number of Shares held	% Holding	Number of Shares held	% Holding
Equity shares with voting rights				
AEON Financial Service Co., Ltd. Japan	500,500,000	55%	22,550,000	55%
AEON Credit Service (M) Berhad	182,000,000	20%	8,199,999	20%
ECL Finance Limited	227,500,000	25%	10,250,000	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, 2016	As at December 31, 2014
Opening balance of Statement of Profit and Loss	(313,289,272)	(145,906,513)
Add: Loss for the year	(198,791,671)	(167,382,759)
Closing balance	(512,080,943)	(313,289,272)

Note 5 : Long-term provisions

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Provision for employee benefits		
Gratuity	3,628,250	1,246,407
Compensated absences	3,981,191	2,280,028
Total	7,609,441	3,526,435

Note 6 : Short-term borrowings

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Unsecured Working Capital demand loan from Bank (Corporate guarantee upto 30th September, 2014 given by AEON Financial Service Co., Ltd. Japan, the Holding Company)	301,500,000	370,122,000

Note 7 : Trade Payables

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Acceptances	-	-
Others - Other than micro and small enterprises (Refer note 21)	27,939,781	15,350,283

Note 8: Other current liabilities

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Other payables		
Statutory remittances	4,610,858	79,156
Income received in Advance	26,543	-
Unallocated credit from customers	3,678,324	873,983
AEON Financial Service Co., Ltd. Japan (Refer Note 27)	35,867,527	11,486,073
AEON Credit Service (M) Berhad (Refer Note 27)	3,118,365	5,495,016
AEON Credit Service Systems (Philippines) INC (Refer Note 27)	521,653	2,362,715
Total	47,823,270	20,296,943

Note 9: Short-term provisions

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Provision for employee benefits		
Gratuity	21,944	17,729
Compensated absences	478,135	465,121
Contingent provision against standard assets (Refer Note 2 (g)(iii))	2,026,027	1,098,917
Total	2,526,106	1,581,767

Note 10: Fixed assets
a. Fixed assets Schedule

Amount in Rupees

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at December 31, 2014	Additions during the year	Deductions and adjustment	As at March 31, 2016	As at December 31, 2014	For the year	Deductions and adjustment	As at March 31, 2016	As at March 31, 2016	As at December 31, 2014
Tangible Assets:										
Furniture and fixtures	1,321,688 (1,418,134)	1,785,952 (75,675)	- (172,121)	3,107,640 (1,321,688)	468,396 (295,363)	524,341 (345,153)	- (172,120)	992,737 (468,396)	2,114,903 -	- (853,292)
Office equipment	1,687,538 (1,213,717)	1,812,459 (500,943)	9,614 (27,122)	3,490,383 (1,687,538)	660,219 (397,050)	599,708 (290,290)	9,613 (27,121)	1,250,314 (660,219)	2,240,069 -	- (1,027,319)
Leasehold improvements	16,467,422 (8,737,601)	- (7,729,821)	8,737,601 (-)	7,729,821 (16,467,422)	7,636,138 (3,634,184)	6,260,031 (4,001,954)	8,737,600 (-)	5,158,569 (7,636,138)	2,571,252 -	- (8,831,284)
Computers	16,550,213 (13,567,016)	41,760,639 (3,801,230)	5,463,292 (818,033)	52,847,560 (16,550,213)	7,481,641 (3,380,344)	11,035,945 (4,919,329)	5,463,291 (818,032)	13,054,295 (7,481,641)	39,793,265 -	- (9,068,572)
Total (A)	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	-
Previous Year	(24,936,468)	(12,107,669)	(1,017,276)	(36,026,861)	(7,706,941)	(9,556,726)	(1,017,273)	(16,246,394)	-	(19,780,467)
Intangible Assets:										
Computer software	39,189,283 (39,189,283)	5,464,972 (-)	38,897,138 (-)	5,757,117 (39,189,283)	14,938,755 (7,100,898)	1,718,101 (7,837,857)	15,475,434 (-)	1,181,422 (14,938,755)	4,575,695 -	- (24,250,528)
Total (B)	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	-
Previous Year	(39,189,283)	(-)	(-)	(39,189,283)	(7,100,898)	(7,837,857)	(-)	(14,938,755)	-	(24,250,528)
Total (A+B)	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	-
Previous Year	(64,125,751)	(12,107,669)	(1,017,276)	(75,216,144)	(14,807,839)	(17,394,583)	(1,017,273)	(31,185,149)	-	(44,030,995)

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

*There are no internally generated computer software.

b. Depreciation and amortisation expense

Amount in Rupees

Particulars	For the fifteen months period ended March 31, 2016	For the year ended December 31, 2014
Depreciation and amortisation on tangible assets as per Note 10a	18,420,025	9,556,726
Amortisation for the period on intangible assets as per Note 10a	1,718,101	7,837,857
Total	20,138,126	17,394,583

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

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Capital advances	-	326,781
Security deposit	9,008,500	2,808,000
Prepaid expenses	16,282	87,759
Advance Income-tax (Tax deducted at source) Refer Note 24	1,071,486	545,971
Balances with government authorities :		
Cenvat Credit Receivable	2,669,440	3,400,663
Total	12,765,708	7,169,174

Note 12 : Receivables under financing activity

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	236,327,917	96,362,717
Unsecured, considered doubtful	47,290,987	28,098,345
	283,618,904	124,461,062
Less: Provision for doubtful receivable under financing activity	47,290,987	28,098,345
	236,327,917	96,362,717
Other		
Unsecured, considered good	425,928,518	333,084,414
Unsecured, considered doubtful	33,345,923	16,657,862
	459,274,441	349,742,276
Less: Provision for doubtful receivable under financing activity	33,345,923	16,657,862
	425,928,518	333,084,414
Total	662,256,435	429,447,131

Note 13 : **Cash and cash equivalents**

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Cash in hand	2,975,352	2,077,449
Balances with banks:		
In Current accounts	2,327,442	1,898,235
Total	5,302,794	3,975,684

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

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Security deposits		
Unsecured, considered good	3,758,080	8,262,480
Doubtful	136,000	-
	3,894,080	8,262,480
Less: Provision for doubtful security deposit	136,000	-
	3,758,080	8,262,480
Prepaid expenses	2,043,336	1,214,345
Advance to merchant	2,582,778	3,208,334
Other receivables		
Doubtful	160,317	160,317
Less: Provision for doubtful other receivables	160,317	-
	-	160,317
Total	8,384,194	12,845,476

Note 15: Other current assets

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Accrued interest from financing activity	19,664,705	10,119,696

Note 16: Revenue from operations

Amount in Rupees

Particulars	For the fifteen months ended March 31, 2016	For the year ended December 31, 2014
Interest income from financing activity	266,169,674	110,449,485
Processing fees	37,828,282	12,882,693
Total	303,997,956	123,332,178

Note 17: Other Income

Amount in Rupees

Particulars	For the fifteen months ended March 31, 2016	For the year ended December 31, 2014
Interest on fixed deposits with banks	-	733,355
Gain on foreign exchange translation (net)	-	898,275
Penalty recovered for banking instruments dishonoured	15,344,475	3,190,377
Miscellaneous income	7,732,202	815,360
Total	23,076,677	5,637,367

Note 18: Employee benefits expenses

Amount in Rupees

Particulars	For the fifteen months ended March 31, 2016	For the year ended December 31, 2014
Salaries, allowances and incentives	223,448,682	101,482,643
Contribution to provident fund	11,751,138	6,645,049
Gratuity	2,557,404	914,936
Staff welfare expenses	4,361,628	1,983,233
Total	242,118,852	104,745,510

Note 19: Finance costs

Amount in Rupees

Particulars	For the fifteen months ended March 31, 2016	For the year ended December 31, 2014
Interest on borrowings	39,900,701	32,473,765
Other interest costs	4,282	18,927
Total	39,904,983	32,492,692

Note 20: Other expenses

Amount in Rupees

Particulars	As at March 31, 2016	As at December 31, 2014
Power and fuel	4,533,950	2,936,148
Rent including lease rentals (Refer Note 28)	25,371,833	18,516,961
Repairs and maintenance - Others	3,353,343	910,444
Insurance	748,732	777,913
Rates and taxes	13,566,393	3,191,351
Communication expenses	6,492,541	3,153,070
Travelling expenses	13,388,693	12,354,590
Postage and courier expenses	4,854,127	5,399,050
Printing and stationery	2,714,087	1,708,759
Legal and professional	7,328,219	5,534,690
Payment to auditors (Refer Note below)	5,416,657	1,704,992
Customer credit appraisals	9,258,612	3,044,834
Transaction processing charges	4,054,840	3,452,417
Loss on sale of fixed assets	42,627	-
Business promotion	3,140,370	3,037,310
Provision for doubtful trade receivables	96,006,423	61,345,259
Contingent Provision against standard assets	927,110	(178,207)
Write off - Receivables under financing activity	60,125,720	
Less: Provision held	<u>(60,125,720)</u>	-
Loss on foreign exchange translation (net	2,628,948	-
Software expenses	17,005,758	5,009,352
Corporate guarantee charges	-	1,318,794
Provision for doubtful security deposit and other receivables	296,317	-
Miscellaneous expenses	2,574,763	2,221,441
Total	223,704,343	135,439,168
Note:		
Payments to the auditors comprises (including service tax):		
As auditors-statutory audit	1,206,563	849,440
For taxation matters	417,874	212,360
For other services*	3,784,790	643,192
Reimbursement of expenses	7,430	-
Total	5,416,657	1,704,992

*Represents payments of Rs.2,926,605 (2014: Rs. 600,493) 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:

Particulars	As at March 31, 2016 (Rupees)	As at December 31, 2014 (Rupees)
Payable to AEON Credit Service (M) Berhad	1,914,334 (RM 113,379)	4,290,985 (RM 266,370)
Payable to AEON Financial Service Co., Ltd. Japan	35,867,527 (JPY 60,928,455)	11,486,073 (JPY 21,006,642)
Payable to AEON Credit Service Systems (Philippines) INC	521,653 (USD 7886.77)	2,362,715 (USD 37,155)

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

Particulars	For the fifteen months period ended March, 31 2016 (Rupees)	For the year ended December 31, 2014 (Rupees)
Salaries, allowances and incentives	27,415,400	12,869,258
Software expenses	17,005,758	4,995,752
Corporate guarantee charges	-	1,318,794
Membership and Subscription	282,499	131,507
Miscellaneous expenses	18,799	-

24. Contingent Liabilities and Commitments:

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

Particulars	As at March 31, 2016 (Rupees)	As at December 31, 2014 (Rupees)
Income Tax disallowances	1,051,030	-

The Company has paid Rs. 525,515 as deposit and preferred an appeal against the order.

25. Defined Contribution plan:

- i. The Company makes Provident Fund contributions to a defined contribution plan administered by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognized Rs. 11,751,138/- (2014: Rs.6,645,049) for Provident Fund contribution in the Statement of Profit and Loss for the fifteen months period ended March 31, 2016. 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. 3,258,132/- (2014: Rs. 1,475,206) for Employees' State Insurance Contribution under staff welfare expenses in the Statement of profit and loss for the fifteen months period ended March 31, 2016.

- ii The Company operates un-funded defined benefit plan for gratuity. The plan provides for a lump sum payment to employee, at retirement, death while in service or on termination of employment of an 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:

Particulars	For the fifteen months period ended March 31, 2016 (Rupees)	For year ended Dec. 31, 2014 (Rupees)
1 Reconciliation of opening and closing balances of obligation		
a. Opening obligation	1,264,136	349,200
b. Current service cost	1,447,530	584,891
c. Interest cost	245,855	85,638
d. Actuarial losses/(gain)	864,019	244,407
e. Benefits Paid	(171,346)	-
f. Closing obligation	3,650,194	1,264,136
2. Expense recognised in the Statement of Profit and Loss		
a. Current service cost	1,447,530	584,891
b. Interest cost	245,855	85,638
c. Actuarial losses/(gain)	864,019	244,407
d. Benefits Paid	(171,346)	-
e. Expense recognised in the year	2,557,404	914,936
3. Amount recognised in Balance Sheet		
a. Fair value of plan assets as at the period end	-	-
b. Present value of obligation as at the period end	3,650,194	1,264,136
c. Amount recognised in Balance Sheet	3,650,194	1,264,136
4. Actuarial Assumptions		
a. Discount rate (p.a.)	7.60%	8.15%
b. Mortality base	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
c. Turnover rate	2% - 10%	2% - 10%
d. Salary escalation rate	9%	7%
e. Normal retirement age	58 years	58 years

Description	For the fifteen months period ended March 31, 2016 (Rupees)	For year ended Dec. 31, 2014 (Rupees)	For year ended Dec. 31, 2013 (Rupees)	For year ended Dec. 31, 2012 (Rupees)
5. Experience Adjustments				
a. Present value of obligation	3,650,194	1,264,136	349,200	87,392
b. Experience adjustment on plan liabilities	(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 an amount Rs. 2,149,840/- has been charged to the statement of Profit and Loss for the fifteen month period ended March 31, 2016 (2014: Rs. 1,170,878)
26. The Company is engaged in the business of financing the purchase of consumer durables in India, which in the context of Accounting Standard 17 "Segment Reporting" constitutes a single reportable business segment.

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

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

(a) Related Party with whom control exists:

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

(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	Kenjiro Inoue (up to February 28, 2014) Jayabalan Ramakrishnan (up to June 19, 2013 and with effect from March 1, 2014) Masaki Watanabe (with effect from June 28, 2014)

(c) Transactions with related parties during the fifteen months period and balance as at the Period-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:				
Kenjiro Inoue	- (-)	- (-)	- (-)	- (2,186,229)
Jayabalan Ramakrishnan	- (-)	- (-)	- (-)	12,793,001 (6,689,791)
Masaki Watanabe	- (-)	- (-)	- (-)	10,245,514 (2,967,304)
Purchase of Computer Software	-	-	12,897,385	-
Capital Work in progress	(-)	(-)	(-)	(-)
Sale of Computer Software	- (-)	(-) (-)	23,379,077 (-)	- (-)
Software Expenses	(-)	(-)	17,005,758 (4,995,752)	(-) (-)
Corporate Guarantee Charges	- (1,318,794)	- (-)	- (-)	- (-)
Balances as at March 31, 2016				
Payable to AEON Credit Service (M) Berhad*	- (-)	3,118,365 (5,495,016)	- (-)	- (-)
Payable to AEON Financial Service Co., Ltd. Japan*	35,867,527 (11,486,073)	- (-)	- (-)	- (-)
Payable to AEON Credit Service Systems (Philippines) INC.	- (-)	- (-)	521,653 (2,362,715)	- (-)

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, 2016 (Rupees)	As at December 31, 2014 (Rupees)
Not later than one year	15,230,787	19,214,332
Later than one year and not later than five years	6,822,171	27,613,506
Later than five years	-	-
Total	22,052,959	46,827,838

- (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 fee of Rs. 521,653 per month (equivalent to USD 7,887). The fee is included in “Software expenses” in Note 20.

29. Earnings per equity share:

Particulars		For the fifteen months period ended March 31, 2016 (Rupees)	For the year ended December 31, 2014 (Rupees)
Loss after Tax	A	(198,791,671)	(167,382,759)
Weighted Average number of Equity Shares	B	75,649,123	4,10,00,000
Basic and Diluted Earnings per share	A/B	(2.63)	(4.08)
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 asset 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, 2016 (Rupees)	As at December 31, 2014 (Rupees)
Deferred Tax Liability:		
Depreciation	2,888,275	5,010,452
Deferred Tax Assets:		
Section 43B disallowances	1,732,248	1,157,251
Provision for gratuity	1,127,910	390,618
Provision for Doubtful Trade Receivable (Restricted to the extent of Deferred Tax Liability)	28,117	3,462,583
	2,888,275	5,010,452
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

Rupees

Particulars	Amount Outstanding		Amount Overdue	
	March, 2016	Dec., 2014	March, 2016	Dec., 2014
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid	-	-	-	-
a) Debentures: (other than those falling within the meaning of Public deposit)				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other loans				
i) Loan from Bank				
- Working Capital Demand Loan	301,500,000	370,122,000	-	-
- Overdraft	-	-	-	-

Asset Side

Rupees

Particulars	Amount Outstanding	
	March, 2016	Dec., 2014
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secure	-	-
b) Unsecured	662,256,435	429,447,131
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
4) Break up of Investments		
Current Investments:		
a) Quoted:		
(i) Shares: Equity	-	-
Preference		
(ii) Debentures and Bonds		
(iii) Units of Mutual Funds	-	-
(iv) Government Securities		
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-

Particulars	Amount Outstanding	
	March, 2016	Dec., 2014
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Pass through Certificates)	-	-
Long-Term Investments (Net of Provision)		
a) Quoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
- Pass through Certificates	-	-
- Security Receipts	-	-

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

Rupees

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	March, 2016	Dec., 2014	March, 2016	Dec., 2014	March, 2016	Dec., 2014
a) Related Parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
iii) Other related Parties	-	-	-	-	-	-
b) Other than related parties	-	-	662,256,435	429,447,131	662,256,435	429,447,131
TOTAL	-	-	662,256,435	429,447,131	662,256,435	429,447,131

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

Rupees

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of provisions)	
	March, 2016	Dec., 2014	March, 2016	Dec., 2014
a) Related Parties				
1) Subsidiaries	-	-	-	-
2) Companies in the same group	-	-	-	-
3) Other related Parties	-	-	-	-
b) Other than related parties	-	-	-	-
TOTAL	-	-	-	-

7) Other Information

Rupees

Particulars	March, 2016	Dec., 2014
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	80,636,910	44,756,207
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, 2016	As at Dec. 31, 2014
CRAR (%)	50.91%	15.33%
CRAR – Tier I Capital (%)	50.65%	15.10%
CRAR – Tier II Capital (%)	0.26%	0.23%

33. Asset Liability Management

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

For the year 2016

Rupees

Particulars	Liabilities	Asstes	
	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	-	-	-
TOTAL	301,500,000	662,256,435	-

For the year 2014

Rupees

Particulars	Liabilities	Asstes	
	Borrowings	Advances	Investment
1 day to 30/31 days (One month)	48,300,000	55,929,861	-
Over 1 month to 2 months	47,000,000	55,873,276	-
Over 2 months upto 3 months	42,400,000	45,276,116	-
Over 3 months upto 6 months	232,422,000	114,905,598	-
Over 6 months to 1 year	-	144,418,253	-
Over 1 year to 3 years	-	13,044,027	-
Over 3 years to 5 years	-	-	-
Over 5 years	-	-	-
TOTAL	37,01,22,000	429,447,131	-

34. Exposure to Real Estate Sector

Rupees

Category	March, 2016	Dec., 2014
Direct Exposure		
(I) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, 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	-	-
Indirect Exposure	-	-
Total Exposure to Real Estate Sector	-	-

35. Exposure to Capital Market

Rupees

Category	March, 2016	Dec., 2014
I. Direct Investment in equity shares, convertible bond, convertible debenture and unity 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)	-	-
Total Exposure to Capital Market	-	-

36. Investments

Rupees

Particulars	March, 2016	Dec., 2014
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

Rupees

Breakup of 'Provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss	March, 2016	Dec., 2014
(I) Provisions for depreciation on investment	-	-
(ii) Provision toward NPA	96,006,423	61,345,259
(iii) Provision made toward income tax	-	-
(iv) Other provision and contingencies		
a. Provision for other receivables	160,137	-
b. Provision for security deposit	136,000	-
(v) Provision for standard assets	927,110	(178,207)

38. Draw Down from reserves: Nil

39. Movements of NPAs

Rupees

Particulars	March, 2016	Dec., 2014
I Net NPAs to Net Advances (%)	-	-
ii Movements of NPAs (Gross)		
a) Opening balance	44,756,207	9,389,788
b) Addition during the year	96,006,423	61,345,259
c) Reductions during the year	60,125,720	25,978,840
d) Closing balance	80,636,910	44,756,207
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	44,756,207	9,389,788
b) Addition during the year	96,006,423	61,345,259
c) Reductions during the year	60,125,720	25,978,840
d) Closing balance	80,636,910	44,756,207

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

For AEON Credit Service India Private Limited

Jayabalan Ramakrishnan
Managing Director
(DIN : 05173307)

Masaki Watanabe
Director
(DIN : 06904968)

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

Place : Mumbai
Date : 27.5.2016

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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 GUARANTEE (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