

AEON CREDIT SERVICE INDIA PRIVATE LIMITED
Balance Sheet as at March 31, 2016

Particulars	Note No.	Amount in Rupees	
		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			
Tangible assets	10a	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

Amol A. Apte
Partner

Place: MUMBAI
Date: 27 MAY 2016

For AEON Credit Service India Private Limited

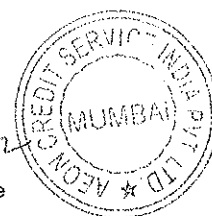
Jayabalan Ramakrishnan
Managing Director
(DIN: 05173307)

Masaki Watanabe
Director
(DIN: 06904968)

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

Place: Mumbai
Date:

27 MAY 2016



AEON CREDIT SERVICE INDIA PRIVATE LIMITED
Statement of Profit and Loss for the fifteen months period ended March 31, 2016

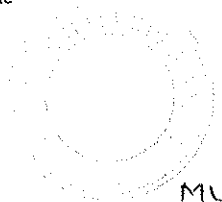
Particulars	Note No.	Amount in Rupees	
		For the fifteen months period ended March 31, 2016	For the year ended December 31, 2014
Revenue from operations	16	303,997,956	123,332,178
Other income	17	23,076,677	5,637,367
Total Revenue		327,074,633	128,969,545
Expenses:			
Employee benefits expenses	18	242,118,852	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



Amol A. Apte
Partner



Place: MUMBAI

Date: 27 MAY 2016

A. D. K.

For AEON Credit Service India Private Limited



Jayabalan Ramakrishnan
Managing Director
(DIN: 05173307)



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Date:

27 MAY 2016

AEON CREDIT SERVICE INDIA PRIVATE LIMITED
Cash Flow Statement for the fifteen months period ended March 31, 2016

Amount in Rupees

Particulars	Amount in Rupees	
	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)
<i>Adjustment for:</i>		
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
<i>Operating Loss before Working Capital changes</i>	(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)
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	As at
Cash in hand	March 31, 2016	December 31, 2014
Balance with banks:	2,975,352	2,077,449
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

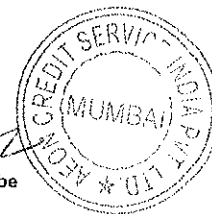
Amol A. Apte
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For AEON Credit Service India Private Limited

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Managing Director
(DIN: 05173307)

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(M.No.F7043)



Place: MUMBAI
Date: 27 MAY 2016

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AEON CREDIT SERVICE INDIA PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Background of the Company

AEON Credit Service India Private Limited (the "Company") was incorporated on March 9, 2011. The Company has obtained a license from the Reserve Bank of India to carry out Non-Banking Financial activities with effect from February 4, 2013. The Company is in the business of financing the purchase of consumer durables.

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 recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

c) Fixed Assets

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

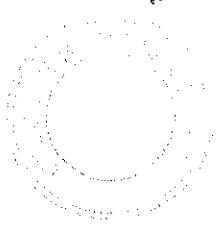
d) Impairment of Fixed Assets

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 recognised in the Statement of Profit and Loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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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.

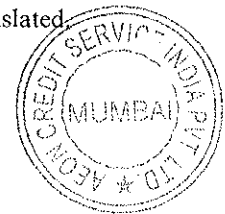
i) Foreign currency transactions and translation

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.

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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 expense 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.

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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

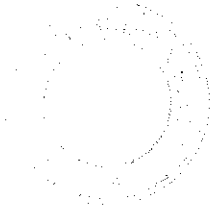
Cash flows are reported using the "indirect method", set out in the Accounting Standard 3 "*Cash Flow Statements*" and presents the cash flow by operating, investing and financing activities of the Company.

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.

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AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Note 3: Share capital

Particulars	Amount in Rupees	
	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 shareholder	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 Co., 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 shareholder	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.



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AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Amount in Rupees

As at
March 31, 2016

As at
December 31, 2014

Note 4: Reserves and surplus

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	<u>(512,080,943)</u>	<u>(313,289,272)</u>

Note 5: Long-term provisions

Provision for employee benefits		
Gratuity	3,628,250	1,246,407
Compensated absences	3,981,191	2,280,028
Total	<u>7,609,441</u>	<u>3,526,435</u>

Note 6: Short-term borrowings

Unsecured Working Capital demand loan from Bank (Corporate guarantee upto September 30, 2014 given by AEON Financial Service Co., Ltd. Japan, the Holding Company)	<u>301,500,000</u>	<u>370,122,000</u>
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Note 7: Trade payables

Acceptances	-	-
Others - Other than micro and small enterprises (Refer Note 21)	<u>27,939,781</u>	<u>15,350,283</u>

Note 8: Other current liabilities

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	<u>47,823,270</u>	<u>20,296,943</u>

Note 9: Short-term provisions

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	<u>2,526,106</u>	<u>1,581,767</u>

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AEON CREDIT SERVICE INDIA PRIVATE LIMITED
Notes forming part of the Financial Statements

Note 10: Fixed assets

a. Fixed assets Schedule

Particulars	Gross Block					Depreciation/Amortisation				Net Block	
	As at December 31, 2014	Additions during the year	Deductions and adjustments	As at March 31, 2016	As at December 31, 2014	For the year	Deductions and adjustments	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 (24,936,468)	45,359,050 (12,107,669)	14,210,507 (1,017,276)	67,175,404 (36,026,861)	16,246,394 (7,706,941)	18,420,025 (9,556,726)	14,210,504 (1,017,273)	20,455,915 (16,246,394)	46,719,489	(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 (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 (A+B)	75,216,144 (64,125,751)	50,824,022 (12,107,669)	53,107,645 (1,017,276)	72,932,521 (75,216,144)	31,185,149 (14,807,839)	20,138,126 (17,394,583)	29,685,938 (1,017,273)	21,637,337 (31,185,149)	51,295,184	(44,030,995)	

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

*There are no internally generated computer software.



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AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

Note 10: Fixed assets (contd.)

b. Depreciation and amortisation expense

	Amount in Rupees	
	For the 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	<u>20,138,126</u>	<u>17,394,583</u>

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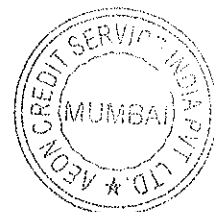
AEON CREDIT SERVICE INDIA PRIVATE LIMITED

Notes forming part of the Financial Statements

	As at March 31, 2016	Amount in Rupees As at December 31, 2014
Note 11: Long-term loans and advances (Unsecured, considered good)		
Capital Advance	-	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		
Cervat Credit Receivable	2,669,440	3,400,663
Total	12,765,708	7,169,174
Note 12: Receivables under financing activity		
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
Others		
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		
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)		
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		
Advance to merchant	2,043,336	1,214,345
Other receivables	2,582,778	3,208,334
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		
Accrued interest from financing activity	19,664,705	10,119,696

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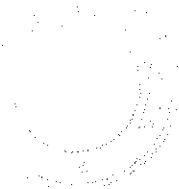
AEON CREDIT SERVICE INDIA PRIVATE LIMITED
Notes forming part of the Financial Statements

	For the fifteen months period ended March 31, 2016	Amount in Rupees For the year ended December 31, 2014
Note 16: Revenue from operations		
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		
Interest on fixed deposits with banks	-	733,355
Gain on foreign exchange translation (net)	-	898,275
Penally 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		
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	111,025,861
Note 19: Finance costs		
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		
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

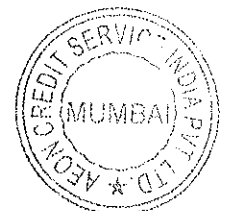
** Salary Allowance and Incentives includes outsource services

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21. The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information provided by the vendors to the Company. This has been relied upon by the auditors.
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	18,779	-

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	-

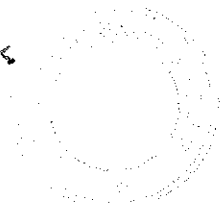
The Company has paid Rs. 525,515 as deposit and preferred an appeal against the order.

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.

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

Description	For the fifteen months period ended March 31, 2016 Rupees	For the year ended December 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	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
	Rupees	Rupees	Rupees	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.

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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:

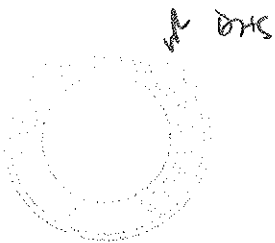
(a) Related Party with whom control exists:

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
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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)
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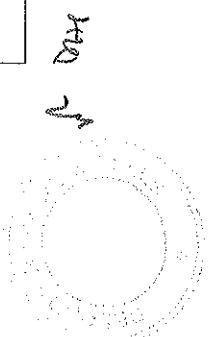


(c) Transactions with related parties during the fifteen months period and balance as at the Period-end:

Nature of transactions	Holding Company	Fellow Subsidiaries		Key Management Personnel
		AEON Credit Service (M) Berhad	AEON Credit Service Systems (Philippines) INC.	
Remuneration:				
Kenjiro Inoue	-	-	-	-
Jayabalan Ramakrishnan	(-)	(-)	(-)	(2,186,229)
Masaki Watanabe	-	-	-	12,793,001
Purchase of Computer Software -- Capital Work in progress	(-)	(-)	(-)	(6,689,791)
Sale of Computer Software	-	-	-	10,245,514
	(-)	(-)	(-)	(2,967,304)
	-	-	12,897,385	-
	(-)	(-)	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)	(-)



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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

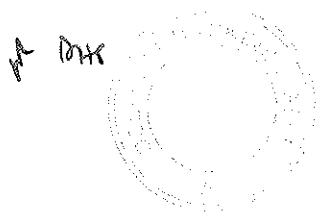
(b) With effect from February 2015, the Company has obtained non-exclusive, non-transferable and non-sub licensable license to use a software for 60 months for a fixed monthly fee of Rs. 521,653 per month (equivalent to USD 7,887). The fee is included in “Software expenses” in Note 20.

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.

	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)	-	-



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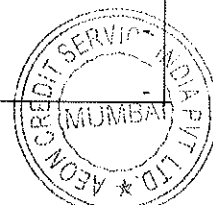
31. Disclosure of details as required by Revised Para 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1999.

Particulars	Rupees			
	Amount Outstanding		Amount Overdue	
	March, 2016	December, 2014	March, 2016	December, 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	-	-	-	-

Particulars	Rupees	
	Amount Outstanding	
	March, 2016	December, 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	-	-

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(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)	-	-
Particulars	Amount Outstanding	
	March, 2016	December, 2014
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	December, 2014	March, 2016	December, 2014	March, 2016	December, 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

104



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