



ADITYA BIRLA FINANCE LIMITED

ANNUAL REPORT
2014-15

ADITYA BIRLA FINANCE LIMITED
REGISTERED OFFICE : Indian Rayon Compound,
Veraval, Gujarat – 362 266
CIN: U65990GJ1991PLC064603



BOARD OF DIRECTORS

Mr. B. N. Puranmalka

Mr. Ajay Srinivasan

Mr. D J Kakalia

Mr. Ashwani Puri

Mr. Jitender Balakrishnan

Ms. Alka Bharucha

KEY MANAGERIAL PERSONNEL

Mr. Rakesh Singh	Chief Executive Officer
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Mr. Sekhar Mosur	Manager
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Mr. Sachinn Joshi	Chief Financial Officer
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Mr. Ankur Shah	Company Secretary
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AUDITORS

S R Batliboi & Co. LLP, Mumbai

DEBENTURE TRUSTEES

IL&FS Trust Company Ltd.
Plot C-22, G- Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 052
Ph: +91 22 2653 3333

ADITYA BIRLA FINANCE LIMITED

Regd. Off.: Indian Rayon Compound, Veraval, Gujarat – 362 266

Directors' Report

Dear Shareholders,

We are pleased to present the 24th Annual Report, along with the audited annual accounts of your Company for the financial year ended March 31, 2015 ("FY 15").

1. Financial Performance Summary

The summarized standalone results of your Company are given in the table below.

Particulars	Year ended 31 st March		% Change over previous year
	2015	2014	
Total Income	1,780.45	1,203.13	48%
Total Expenses	1,362.90	947.70	44%
Profit before depreciation / amortisation and tax	417.55	255.43	63%
Less: Depreciation / amortization	6.71	4.11	63%
Profit Before Tax	410.84	251.32	63%
Less: Tax expenses	140.17	85.61	64%
Profit After Tax	270.67	165.71	63%
Balance of profit/ loss brought from the previous year	324.48	192.03	69%
Profit Before Appropriations	595.15	357.74	66%
Transfer to Special Reserve	54.20	33.20	63%
Proposed Dividend on Compulsorily Convertible Cumulative Preference Shares	0.06	0.06	-
Corporate Dividend Tax	0.01	0.01	-
Balance of Profit carried to Balance Sheet	540.88	324.47	67%

2. Business Performance

a) Key Highlights

During the year under review, the total income stood at Rs. 1,780.45 Crore as against Rs. 1,203.13 Crore in the previous year, a 48% increase. Correspondingly, the total expenses (including depreciation, provisions and write off) increased to Rs. 1,369.61 Crore from Rs. 951.81 Crore in the previous year, a 44% increase primarily on account of increase in the finance cost as a result of increase in Asset Book size, employee benefit expenses on account of induction of new personnel, increase in administrative expenses etc.

b) Business

The Company operates through the following business divisions' viz. Capital Market Group (CMG), Corporate Finance Group (CFG), Mortgages and Project & Structured Finance Group (PSFG).

CMG registered a growth of 30 % on a year-on-year basis with the Asset Book growing from Rs. 3,199 Crore as on March 31, 2014 to Rs. 4,157 Crore as on March 31, 2015. CFG managed to cross the Rs. 4,000 Crore milestone this year registering a year on year growth of 48%. Its Asset Book grew from Rs. 2,709 Crore at the beginning of the year to Rs. 4,011 Crore as on March 31, 2015. The Mortgages business has shown a growth of 71% during the year with its Asset Book growing from Rs. 2,963 Crore as on March 31, 2014 to Rs. 5,081 Crore as on March 31, 2015. The PSFG Asset Book grew by 59% from Rs. 2,530 Crore on March 31, 2014 to Rs. 4,032 Crore on March 31, 2015. The Asset Book is well diversified across various sectors and products. The DCM & Syndication team mobilized funds of close to Rs. 1,700 Crore earning fees of Rs. 7.09 Crore.

c) Treasury

The Company primarily sources funds through Banks, Non-Convertible Debentures (NCDs), Sub-ordinate Debt and Commercial Paper (CP). Total borrowing as on March 31, 2015 was Rs. 14,594 Crore as compared to Rs. 9,647 Crore as on March 31, 2014.

During the year under review, the Company made a private placement of NCDs aggregating to Rs. 2,714 Crore and issued Tier II NCDs' aggregating to Rs. 95 Crore, which were listed on National Stock Exchange. Issuance of Tier II NCDs' has strengthened the Capital Adequacy and your Company was able to maintain ALM within the norms stipulated by the Reserve Bank of India (RBI).

Additional Bank lines to the tune of Rs. 3,523 crore were set up during the year. With this, the aggregate Bank limits (Term Loan and Cash Credit) of the Company crossed Rs 10,000 crore cumulatively from 26 banks. The Company has focused on growing it's relationships with few key banks and today, the top 5 banking relationships account for over 50% of the total sanctioned facilities.

During the year under review, the Company's long-term rating was upgraded to AA+ from AA by ICRA. With this, your Company's long-term debt and sub-debt has an AA+ rating from three rating agencies viz. ICRA, CARE and India Ratings. The short-term rating limit was enhanced to Rs 4,500 crore (earlier Rs 4,000 crore) by ICRA and continues to be rated A1+. The credit rating enjoyed by the Company as on March 31, 2015 is as follows:

Credit Rating Agency	Instruments	Ratings
ICRA	Commercial Paper	A1+
ICRA	Non Convertible Debentures	AA+
ICRA	Sub-Debt	AA+
CARE	Sub-Debt	AA+
CARE	Sub-Debt	AA+(SO)
CARE	Non Convertible Debentures	AA+
India Ratings	Non Convertible Debentures	AA+
India Ratings	Sub-Debt	AA+

The Company has not issued any debentures under rating provided by CARE and any sub-debt under rating provided by India Ratings.

3. Reserves

Section 45-IC of the Reserve Bank of India Act, 1934 requires Non Banking Finance Companies to transfer amount not less than 20% of its net profit to Special Reserve Fund. Accordingly the Company transferred Rs. 54.20 Crore to the Special Reserve Fund.

4. Dividend

The Board recommends dividend at the prescribed coupon rate to the holders of Compulsory Convertible Cumulative Preference Shares as final dividend. With a view to conserve its resources, the Board did not recommend any dividend on the Equity shares (NIL in previous year).

The total cash outflow on account of dividend amounts to Rs. 7.02 Lakh (inclusive of Rs. 1.02 Lakh as Dividend Distribution Tax) as against Rs. 7.02 lakh (inclusive of Rs. 1.02 Lakh as Dividend Distribution Tax) during the previous year.

5. Share Capital

During the year under review, your Company had a capital infusion of Rs. 545 Crore through issue of 13.47 Crore equity shares as detailed below:

Sr. No.	Date of Allotment	No. of Equity Shares	Face value per Equity Share (in Rs.)	Premium Amount per Equity Share (in Rs.)	Total amount (in Rs.)
1	29.09.2014	3,47,22,222	10	26	1,25,00,00,000
2	23.01.2015	2,38,09,524	10	32	1,00,00,00,000
3	13.02.2015	1,66,66,700	10	32	70,00,01,400
4	27.03.2015	5,95,23,810	10	32	2,50,00,00,020
	Total....	13,47,22,256			5,45,00,01,420

6. Management Discussion and Analysis

Management Discussion and Analysis Report forming part of Directors' Report is attached separately as Annexure 1.

7. Corporate Governance Report

Your Directors reaffirm their commitment to the corporate governance standards to the extent they are applicable to the Company. Corporate Governance Report forming part of Directors' Report for the year under review is attached separately as Annexure 2.

8. Board Meetings

The information pertaining to the meetings of the Board of Directors and its Committees and Corporate Social Responsibility (CSR) are forming part of the Corporate Governance Report of the Company.

9. Subsidiary

During the year under review, the Company sold off the entire shareholding in its wholly owned subsidiary viz. Aditya Birla Securities Private Limited (ABSPL) as a result of which ABSPL ceased to be a subsidiary of the Company.

10. Public Deposits

The Company has not accepted or renewed any deposit as covered under Chapter V of the Act read with the Companies (Acceptance of Deposit) Rules, 2014, as amended, from its members or the public during the year under review.

11. Significant and Material Orders passed by the Regulators / Courts / Tribunals

From Corporate Tax perspective, apart from Industry based tax litigations, revenue authorities or tribunal or court have not passed any order impacting going concern status of the Company.

12. Details of the adequacy of Internal Financial Controls

The Company has put in place adequate financial Controls to be followed and that such controls are adequate and were operating effectively.

13. Particulars of Loans, guarantees or investments under Section 186

Pursuant to provisions of Section 186 (11) of the Companies Act, 2013, the Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans, is exempted from the provisions of the said section. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

14. Risk Management Framework

The Company's risk philosophy is to develop and maintain a healthy portfolio which is within its risk appetite and the regulatory framework. While the Company is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remain a key focus area for the Company.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with market best practices.

The Risk Management oversight structure includes Committees of the Board and Senior Management Committees. The Risk Management Committee of the Board ("RMC") reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposure and provides oversight of risk across the organization. The RMC nurtures a healthy and independent risk management function to inculcate a strong risk management culture in the Company.

The Credit Risk management structure includes separate credit policies and procedures for various businesses. The risk policies define prudential limits, portfolio criteria, exceptional approval metrics, etc. and cover risk assessment for new product offerings.

Credit Committees not only approve counter - party credit exposure in line with the delegation of limit authority assigned by the Board of Directors, but also focuses on post sanction monitoring. The Company has developed an on-line monitoring tool which helps in tracking all the covenants and documentation with escalation matrix built in to enable continuous monitoring and resolution of outstanding covenants. The Credit Committee also reviews the credit portfolios, non-performing loans, accounts under watch, over dues and incremental sanctions on an on-going basis.

Concentration Risk is managed by analysing counter-party, industry sector, geographical region, single borrower and borrower group, which is done online while appraisal and monitored on a regular interval.

Management of Liquidity (Asset Liability and Interest Rate) and Market Risk is carried out using quantitative techniques such as sensitivity and stress testing. ALCO reviews liquidity risk and the interest rate risk profile of the organization on a regular basis.

The Audit Committee of the Board provides direction to and monitors the quality of the internal audit function and also monitors compliance with inspection and audit reports of RBI, other regulators and statutory auditors.

Risks associated with frauds are mitigated through a Fraud Risk Management framework. Fraud Control Unit reviews matters relating to fraud risk vide 100% review of all the cases which are entered in the system, including corrective and remedial actions as regards people and processes. Various Fraud Control Management Activities like document sampling, property visit, verification of stock statement, vendor profile check, customer profile check etc. are established.

15. Corporate Social Responsibility

A detailed policy of Corporate Social Responsibility (CSR) and details of CSR activities undertaken/to be undertaken are attached herein as "**Annexure 3**".

16. Related Party Transactions

All Related Party Transactions ('RPT') that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The Board has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions. As per the policy the Audit Committee may grant omnibus approval for RPTs which are repetitive in nature. The Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee for its approval on a quarterly basis. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Particulars of contract or arrangements entered into the Company with the related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including arms length transactions under third proviso thereto is being disclosed in Form AOC -2 and forms part of the Director's report as "**Annexure 4**".

17. Composition of Audit Committee

Our Audit Committee comprises of 3 (three) members as on date viz. Mr. Ajay Srinivasan, Mr. Ashwani Puri and Mr. D J Kakalia. Out of the above members, two members viz. Mr. Ashwani Puri and Mr. D J Kakalia are Independent Directors. Mr. Ashwani Puri is the Chairman of the Audit Committee. Additional details about the Committee are provided in the Corporate Governance report.

18. Conservation of energy and technology absorption, foreign exchange earnings and outgo

The details pertaining to conservation of energy and technology absorption are not applicable to the Company due to the very nature of industry in which it operates.

During the year under review, there were no foreign exchange earnings. The Company had spent Rs. 11.36 Lakh (previous year Rs. 21.33 Lakh) as expenditure in foreign exchange.

19. Directors / Key Managerial Personnel

A. Directors

The Board of Directors comprises of 6 (six) Directors out of which 4 (four) are Independent Directors (including 1 Woman Director).

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) and the Reserve Bank of India directions.

The Board of Directors had appointed Ms. Alka Bharucha as an Additional Independent (Woman) Director of the Company with effect from March 27, 2015.

At the extraordinary General Meeting held on 9th March, 2015, the Company had appointed the existing Independent Directors viz. Mr. D J Kakalia, Mr. Jitender Balakrishnan and Mr. Ashwani Puri as Independent Directors for a period of 3 years w.e.f. 9th March, 2015.

In accordance with the provisions of Section 152 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force), Mr. Ajay Srinivasan, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment.

Resolutions seeking appointment of Mr. Srinivasan and Ms. Bharucha has been included in the notice of the ensuing AGM.

(i) ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

As required under Section 178(2) of the Companies Act, 2013 and under Schedule IV to the Companies Act, 2013 on Code of Conduct for Independent Directors, a comprehensive exercise for evaluation of the performances of every individual director of the Board as a whole and its Committees and of the Chairperson of the Committees has been carried by your Company during the year under review as per the evaluation criteria approved by the Board and based on guidelines given in Schedule IV to the Companies Act, 2013.

For the purpose of carrying out performance evaluation exercise, four types of Evaluation forms were devised in which the evaluating authority has allotted to the individual Director, the Board as a whole, its Committees and the Chairperson, appropriate rating as Excellent, Very Good, Good or Satisfactory depending upon their performance.

Such evaluation exercise has been carried out:

- (a) on Independent Directors by the Board
- (b) on Non-Independent Directors by all the Independent Directors
- (c) on the Board as a whole and its Committees by all the Independent Directors
- (d) on individual Directors by the Nomination and Remuneration Committee.

Having regard to the industry, size and nature of business your Company is engaged in, the evaluation methodology adopted is, in the opinion of the Board, sufficient, appropriate and is found to be serving the purpose.

(ii) Board Remuneration Policy

The Board, on the recommendation of the Nomination & Remuneration Committee, has formulated a policy for selection and appointment of Directors, Senior Management and their remuneration.

(iii) Managerial Remuneration

The details on remuneration to Directors/Manager are disclosed in the Corporate Governance Report.

B. Key Managerial Personnel

With the advent of the Companies Act, 2013, your Company regularized the appointment of Mr. Rakesh Singh and Mr. Sachinn Joshi as the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively by seeking the approval of the Board of Directors.

During the year, Mr. Muthiah Ganapathy had resigned as the Company Secretary and in his place Mr. Sarvottam Agrawal was appointed as the acting Company Secretary.

20. Internal Audit framework

The Board of Directors had appointed KPMG as Internal Auditors of the Company and approved their scope and plans for the year. The objective of the Internal Audit is to cover the following:

- Review adequacy and effectiveness of transaction controls
- Review the operation of the Control Supervisory Mechanisms
- Recommend improvements in process and procedures and
- Surface significant observations and recommendations for process improvements in concise report for discussion with senior management.

21. Particulars of Employees

The information on remuneration as per the provisions of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure 5. In accordance with the provisions of Section 197 read with Rule 5 (2) to (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement containing particulars of employees including their names and other particulars of employees are to be set out in the Directors Report as an addendum thereto.

However, in terms of the provisions of Section 197 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

22. Vigil Mechanism/ Whistle Blower policy:

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, Company has Whistle Blower Policy in place providing a platform to all the employees, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the determined reporting protocols. The Company has Vigil Mechanism provided for in the said Whistle Blower policy.

23. Policy for prevention of Sexual Harassment at work place

The Company has put in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15:

No of Complaints received	:	None
No of Complaints disposed off	:	Not Applicable

24. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), your Directors confirm that, to the best of their knowledge and belief:

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the 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 fraud and other irregularities;
- the attached Statement of Accounts for the financial year ended March 31, 2015 have been prepared on a "going concern basis";
- that there were no significant deviations which could be construed as material weakness in the existing control framework and that the Company has laid down internal financial controls which were adequate and operating effectively;
- that there are proper processes and systems to ensure compliance of all laws applicable to the Company and that such systems were adequate and operating effectively.

25. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "**Annexure 6**".

26. Auditors and Auditors' Report

S.R. Batliboi & Co. LLP, Chartered Accountants (Membership no. 301003E) holds office as Statutory Auditors of the Company upto the ensuing Annual General Meeting and have offered themselves for re-appointment. A certificate from them has been received to the effect that their appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 139 (2) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force). The auditors have further certified that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the "Peer Review Board" of ICAI.

The Board, on the recommendation of the Audit Committee, proposes the re-appointment of S.R. Batliboi & Co. LLP, as the Statutory Auditors of the Company.

With respect to the Auditors observation in the report about an instance of fraud, Your Directors would like to state that the Company has filed a First Information Report (FIR) and a litigation of criminal nature and are taking all steps to recover the money lent. As required under the regulations prescribed by Reserve Bank of India, all the Fraud Monitoring Report (FMR) reporting are being done regularly.

The other observations, if any, made by the Auditors of the Company in their report read with relevant notes to the Accounts are self-explanatory and therefore do not call for any further comments.

27. Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "**Annexure 7**".

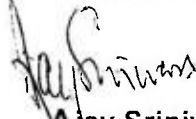
28. Appreciation

Your Directors wish to place their sincere appreciation for the valuable advice, guidance and support provided by the regulators and statutory authorities from time to time. Your Directors express their gratitude to the clients, bankers and all business associates for their continuous support and patronage to the Company.

Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the exemplary commitment and contribution made by employees at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

Place: Mumbai
Date: April 30, 2015

For and on behalf of the Board



Ajay Srinivasan
Director



B N Puranmalka
Director

Management Discussion & Analysis**1. Macro Economic scenario, Industry, Economy and Markets**

Since the first Monetary Policy Report (MPR) in September 2014, due to the tectonic shifts in the global and domestic environment and collapse of international commodity prices, the Indian economy had seen softening of prices of both raw materials and intermediates. Amidst abundant global liquidity and fluctuations in investor appetite, financial markets in India rallied strongly in the second half of 2014-15, supported by improvement in domestic macroeconomic conditions. Liquidity was comfortable in all segments and this was reflected in a pick-up in turnover, softening of interest rates, an appreciating bias in the exchange rate of the rupee and equity markets scaling historic highs.

For India, import prices declined faster than export prices, conferring unexpected gains in net terms of trade as well as an appreciable easing of imported inflationary pressures. The Government of India and Reserve Bank have been committed to the institutional architecture that accords primacy to price stability as an objective of monetary policy. The domestic financial market sustained through Q3 and Q4 much because of the global search for yields, as the Emerging markets (EME) were slowing down alongside sluggish advanced economies (barring the United States). Thus India became a preferred destination in portfolio reallocations as compared to other EME's. Liquidity conditions were expansionary in all segments, spurring trading activities.

The shift in the monetary policy stance steered by two cuts in the policy repo rate enabled interest rates to ease further during Q4. Pro-active liquidity management under the new operating procedure of monetary policy has played a key role in the seamless transmission of policy impulses through the money markets. The Agreement on the Monetary Policy Framework enjoins the Reserve Bank to set out in the public domain the operating target and procedure of monetary policy and any changes therein that are effected from time to time.

2. Opportunities and Threats**Opportunities**

- Under-penetration of financial services / products in India offers growth opportunities.
- Tremendous brand strength and extensive reach of the Aditya Birla Group.
- Introduction of array of new products to meet the varied requirements of customers.
- The infrastructure segment is expected to see sustained growth with a significant thrust being given by the new Government to this sector.

Threats

- Competition from local and multinational players
- Regulatory changes
- Attraction and retention of human capital

3. Business Overview and Performance - Product wise

Aditya Birla Finance Limited ("the Company / ABFL") operates through 5 business segments:

- Capital Market Group
- Corporate Finance Group
- Mortgages
- Project & Structured Finance Group (PSFG)
- Treasury

Headquartered in Mumbai, the Company has a wide network through its branches and associates across the country. The overall portfolio of the Company grew from Rs. 11,735 Crore in FY 2014 to Rs. 17,588 Crore in FY 2015, a growth of 50%. Business-wise portfolio growth as compared to previous year is given below:

Business/ Product	March 2015	March 2014	%
Capital Market	4,157	3,199	30%
Corporate Finance	4,011	2,709	48%
Mortgages	5,081	2,963	71%
PSFG	4,032	2,530	59%
Treasury	307	335	-8%
Total	17,588	11,735	50%

i) **Capital Market Group (CMG)**

- CMG gives its customers an opportunity to meet their liquidity requirements through optimum use of assets held with them including shares, mutual funds, insurance policies and others.
- ABFL has now become amongst the top 3 players in this space, having registered a growth of 30% on a y-o-y basis with the Loan Book growing from Rs. 3,199 Crore as on March 31, 2014 to Rs. 4,157 Crore as on March 31, 2015.
- Key to the business strategy has been the Portfolio mix & diversification through Focus on HNI segment and broad based sourcing channels & asset classes.
- Underwriting has been prudent and selective.
- From an outlook perspective, backed by the positive fundamental movements, the Indian economy and its capital market is likely to perform better compared with its peers. This traction should help the business reap optimum benefit and register growth in its business.

ii) **Corporate Finance Group (CFG)**

- The Corporate Finance Group (CFG) deals with SMEs, Mid and Large Corporate and aims to provide customized financing solutions to meet their long term funding requirements along with their working capital requirements.

- CFG has shown a growth of 48% during the year with its asset book growing from Rs. 2,709 Crore at the beginning of the year to Rs. 4,011 Crore as on March 31, 2015.
- The business has ensured a steady focus on building a robust base of customers through the SME space thereby ensuring adequate risk diversification.
- Focusing on secured transactions, the business has aimed at bringing in a sectoral approach to ensure optimum use of in-house expertise.
- The Supply chain business has been a key contributor to the growth story and continues to penetrate both within the Aditya Birla Group's ecosystem and through external large Anchors.

iii) Mortgages

- The Mortgages division caters to the requirements of individual as well as corporate clients through its products Loan against Property (LAP), Lease Rental Discounting (LRD) and Construction Finance has been successful in growing its Asset Book during the year under review.
- With focused efforts, Mortgages has shown a growth of 71% during the year with its Asset Book growing from Rs. 2,963 Crore as on March 31, 2014 to Rs. 5,081 Crore as on March 31, 2015.
- This was driven by new product launches, higher retail penetration with reduction in ticket size, expansion in distribution channels with more than 800 DSAs empanelled and 610 new customers on-boarded last year with a focus to de-risk our portfolio.
- Further, the Construction Finance (CF) business has stabilized with an Asset Book of Rs. 802 Crore as on March 31, 2015. The team has been able to build strong relationships with various real estate developers.

iv) Project & Structured Finance Group (PSFG)

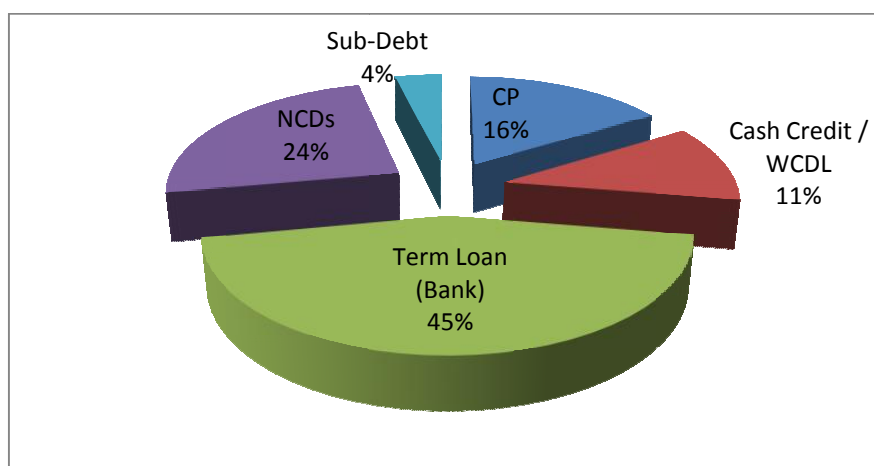
- The PSFG Business adopted a cautiously optimistic approach. While maintaining the focus on pedigreed clientele, the strategy was to capitalize on the limited opportunities to the maximum extent by offering underwritten solutions for projects by large business houses.
- PSFG has shown a growth of 59% with the Loan Book growing from Rs. 2,530 Crore as on March 31, 2014 to Rs. 4,032 Crore as on March 31, 2015.
- FY15 saw the revival of business sentiment, mainly due to formation of a stable Government in May 2014. However the investment cycle, especially in the core and manufacturing sectors, was expected to recover with a lag and therefore new financing opportunities in these sectors continued to be limited. Growth was primarily fuelled by the Power sector where activity in Renewables (Wind / Solar) was reasonably buoyant with various states declaring generation targets and regulatory support in the form of AD/GBIs etc. Also, with hopes of gradual resolution of uncertainties surrounding coal blocks / fuel linkages, the thermal sector saw some consolidation happening in the operational / near operational assets. Thus bulk of the financing was constituted by refinancing transactions of operating assets / balance sheets

and green / brown-field projects in the renewable energy sectors with some limited opportunities for acquisition finance.

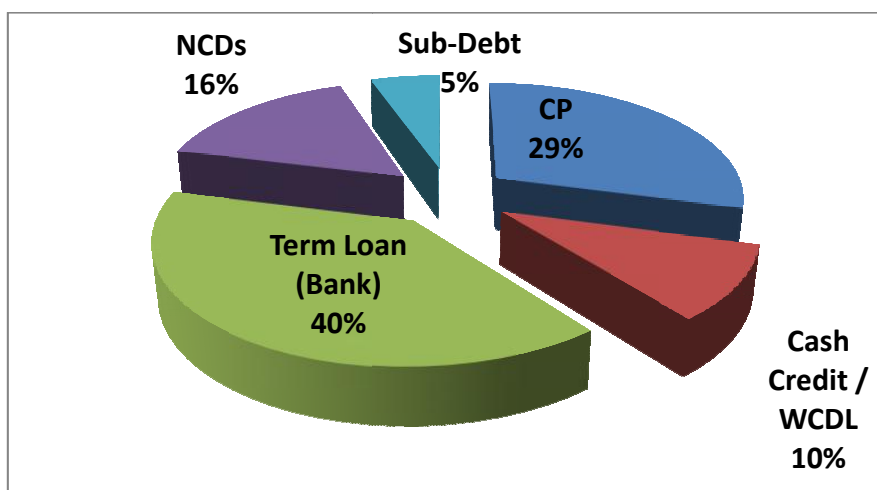
- Overall, the slow pick up in the investment cycle translated into a dearth of credit worthy opportunities. Lack of opportunities also led to greater competitive pressure on yields with various banks, NBFCs and MFs competing for the same transactions.

4. Borrowing Profile

The borrowing profile of the Company as on March 31, 2015 and March 31, 2014 is shown below which shows the change in order to match that change in our Asset profile :



March 31, 2015 – Outstanding Debt Rs. 14,594 crore

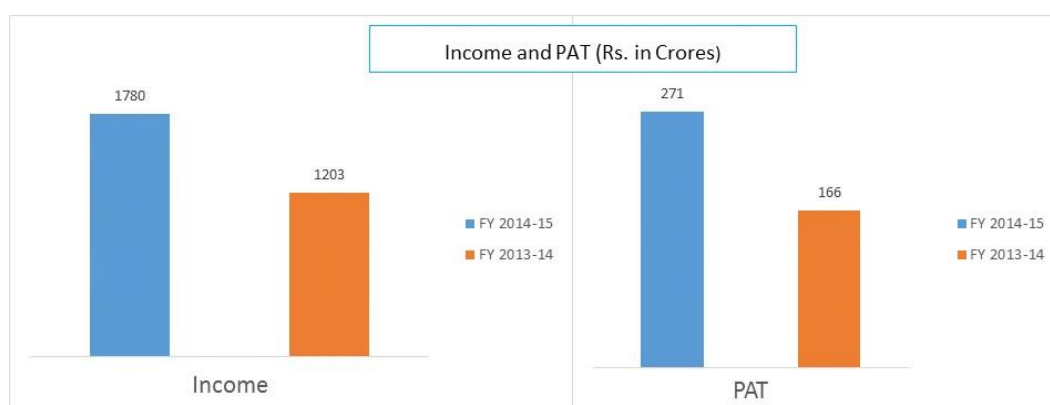


March 31, 2014 – Outstanding Debt Rs 9,647 crore

With enhanced focus on long-term borrowing to meet the requirements of Mortgages and Project & Structured Finance verticals, the average maturity of debt as on March 31, 2015 increased to 831 days as compared to 740 days as on March 31, 2014.

The Company increased its NCD issuances in the current financial year which helped in bringing down the overall borrowing cost. The average borrowing cost saw a reduction of 28 basis points (bps) from 9.88% p.a. in FY 13-14 to 9.62% p.a. in FY 14-15 on an enhanced borrowing level. The Company focused on growing the investor base and with over Rs. 1,100 crore of NCDs being placed with first time investors. FII's invested over Rs. 500 crore in our debt which is a reflection of their growing confidence in the Company's credit and risk management policies.

5. Financial Performance



During the year under review, income of the Company grew by 48% to Rs. 1,780 Crore. Profit after Tax registered a growth of 63% to Rs. 271 Crore.

6. Capital Adequacy Ratio (CAR)

As on March 31, 2015 the Capital Adequacy Ratio was 16.94% (previous year 18.59%) against a minimum of 15% as required by RBI norms. The Tier I capital of the Company was 13.98% (previous year 14.50%) and Tier II capital was 2.96% (previous year 4.09%).

The Networth of the Company as at March 31, 2015 was Rs. 2,585 Crore as against Rs. 1,769 Crore in the previous year. Capital of Rs. 545 Crore was infused to meet the growth requirements of the Company. Total borrowing outstanding as at March 31, 2015 was Rs. 14,594 Crore (previous year Rs. 9,647 Crore). The Company has not raised any fixed deposits from the public.

7. Outlook

Healthy capital flows alongside a low current account deficit have helped India achieve a comfortable external position and a stable rupee, compared to previous years and other emerging markets. There however continue to be concerns around a sub-par monsoon rainfall which could in turn lead to rising food prices thereby hindering the Reserve Bank of monetary easing efforts.

Further, exports declined by 21.1% y-o-y in March to \$23.9 billion – its fourth consecutive monthly decline. While lower oil exports are a major contributor to this decline, the fall in non-oil exports at 11.9% was also substantial.

Overall though, the economic survey tabled by the government, expects India's growth to rise to 8.1-8.5% in the fiscal year ending March 2016 which would result in credit expansion and with the Government of India's renewed focus on manufacturing through the 'Make in India' initiative and on renewable energy through forum like RE-Invest, this is expected to augur well for investment across these sectors.

From an outlook perspective, backed by the above fundamental movements, the Indian economy and its capital market is likely to perform better compared with its peers. This traction should help the CMG business reap optimum benefit and register growth in its business while we remain cautiously optimistic of the growth across the business of Corporate Finance.

Given the focus on housing and overall infrastructure, in the long term, we are positive of the prospects in the Real Estate sector and expect our mortgages backed portfolio growth to continue being strong. It is critical to note though that the success of all these businesses is dependent on the prudent management of credit assessment and continued emphasis on robust controls.

The Government of India has shown its inclination to develop the Infrastructure facilities and have earmarked investment of Rs.70,000 crore in the Budget. Further the government also plans to streamline the regulatory structures across different sectors of infrastructure to tap additional financial resources. This will boost infrastructure growth which is expected to drive investment in Infrastructure and allied sectors in the medium to long term and thus helping business growth for PSFG.

8. Risks and concerns

The Company's risk philosophy involves developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. While it is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remains a key focus area for the Company.

Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against market best practices.

The Board of Directors have an oversight on all the risks assumed by the Company.

For credit risk, distinct policies and processes are in place, separately for each business unit (Corporate Finance Group, Capital Market Group, Mortgages and Project & Structured Finance Group). Management of credit risk is carried out through credit policy definition, target market definition, appropriate front-end credit buying, portfolio diversification, appraisal and approval processes, internal ratings, post sanction monitoring, operations control, fraud control, collection processes and remedial management procedures. For each product, programs defining customer segments, underwriting standards, security structures, etc. are

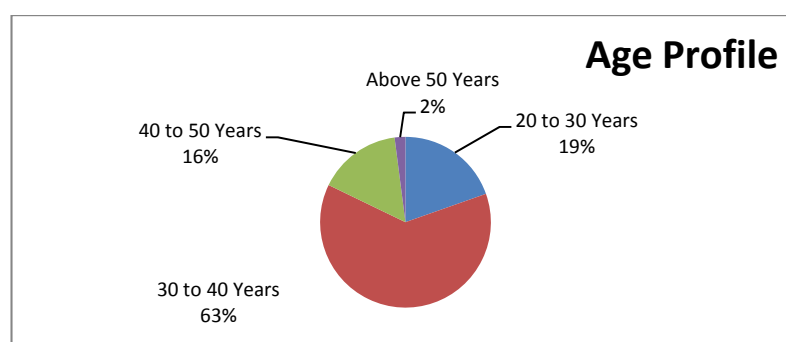
specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with various approval limits.

9. Internal control systems and their adequacy

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The Company carries out extensive and regular internal audit, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate enough to protect the Company against any loss or misuse of the Company's assets.

10. Material development in Human resources, including number of people employed

Your Company has cordial relations with its employees. As on March 31, 2015 your Company had 393 employees. The Company commends the commitment, dedication and competence shown by its employees in all aspects of business. With the growing requirements of the Company, HR has taken various initiatives to ensure not only the retention of the employees but also their growth and development. It has a structured induction process, robust Talent Management Process & Systems, Employee Value Proposition – “WORLD OF OPPORTUNITIES” and structured Training & Development programs across all the levels along with a thorough Rewards & Recognition Framework to celebrate valued behavior and competencies.



11. Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's plan and objectives, financial conditions, business prospects, estimates and expectations may be forward looking statements which are based on the current belief, assumptions, projections of the Directors and the management of the Company. These statements do not guarantee the future performance and are subject to known and unknown risks, uncertainties and other factors some of which may be beyond the control of the Company. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates, significant changes in political and economic environment in India or key markets abroad, tax laws, litigations, exchange rate fluctuations, interest and other costs.

Report on Corporate Governance**Philosophy of Corporate Governance**

Your Company continues to be committed to good Corporate Governance aligned with best practices. We believe that good Corporate Governance emerges from the application of best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities, transparency in decision making process, fair & ethical dealings with all and accountability to all the stakeholders.

Reporting under Clause 49 of the Listing Agreement

The Company is an unlisted company as its shares are not listed on any stock exchange and hence Clause 49 of the listing agreement is not applicable to the Company. Yet the Company on a suo-moto basis, has taken all necessary initiatives to comply with the provisions of the said clause to the maximum extent possible and endeavors, in true spirit, to go well beyond the mandatory provisions. However, as per the provisions of the Companies Act, 2013, the Company is considered as a listed company as its debentures are listed. As per the provisions of the Companies Act, 2013, various disclosures are now required to be in the Directors' Report of which the disclosures relating to the Directors, the Board, its Committees and their meeting are given herein below:

I) Board of Directors ("Board")

The Directors are elected by shareholders of the Company with a responsibility to set strategic objectives for the management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound corporate governance.

The Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assess them from the standpoint of the stakeholders of the Company. The Board is independent of the management.

A. Composition of the Board

The Board comprises of 6 (six) directors as on date, of which 4 (four) are Independent directors including one woman director. As per the provisions of the Companies Act, 2013, the Company has appointed a Manager who is not a part of the Board of Directors.

'Independent Director' in relation to a company shall mean a director other than a managing director or a Whole-time director or a nominee director of the company who:

- a) in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives —
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- f) Possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Following are the Independent Directors of the Company as on date:

1. Mr. Darius J Kakalia
2. Mr. Jitender Balakrishnan
3. Mr. Ashwani Puri
4. Ms. Alka Bharucha

B. Details of Directorships/Committee membership

The composition of our Board, their Directorships/Committee memberships and Chairmanships as on date is given in the table below:

Name of Director	Designation	No. of Directorships in other Public Cos	No. of Committee Memberships of other Public Cos*	Chairman ship in Committees of other Public Cos**
Mr. Ajay Srinivasan	Director	6	5	Nil
Mr. B N Puranmalka	Director	2	2	Nil
Mr. D J Kakalia	Director	2	3	Nil
Mr. Jitender Balakrishnan	Director	9	6	2
Mr. Ashwani Puri	Director	1	1	1
Ms. Alka Bharucha #	Director	4	Nil	Nil

* Not including companies incorporated outside India and Private Limited Companies (other than holding or subsidiary company of a public company) and companies under Section 25 of the Companies Act, 1956.

** Only Audit Committee and Shareholders' Grievance Committee of all public limited companies (whether listed or not) have been considered for the purpose of the Committee positions (membership and chairmanship), as per Clause 49 of listing agreement.

appointed on March 27, 2015

C. Non-Executive Directors' compensation and disclosures

The Company pays sitting fees of Rs. 20,000 to the Independent Directors for attending each Board Meeting and Board Committee meetings viz. Audit Committee, Nomination & Remuneration Committee and Risk Committee.

The details of sitting fees paid to these Independent Directors during the FY 2014-15 are given in the table below:

Name of the Director	Board Meeting	Audit Committee Meeting	Risk Committee	(Amount in Rs.)
				Nomination and Remuneration Committee
Mr. D J Kakalia	60,000	60,000	N.A.	40,000
Mr. Jitender Balakrishnan	80,000	N.A.	60,000	20,000
Mr. Ashwani Puri	80,000	80,000	N.A.	N.A.
Ms. Alka Bharucha	N.A.	N.A.	N.A.	N.A.

D. Board Meetings

i) Agenda and Minutes

The Company Secretary receives details on the matters which require the approval of the Board/ Board Committees, from various departments of the Company well in advance, so that they can be included in the Board/ Board Committee agenda. All material information is incorporated, in detail, in the agenda papers for facilitating meaningful and focused discussions at the meeting(s).

In compliance of the statutory requirements, the following minimum information is supplied to the Board in the agenda of every quarterly Board Meeting:

- Minutes of meetings of previous Board and Committee meetings
- Noting of the minutes of Committee meetings
- Noting of Circular resolution
- Financial results of the Company
- Compliance certificate by Functional Heads
- Status of Action items taken in the previous Board meeting
- Changes in RBI regulations
- Changes in other regulations affecting the Company
- Business requirements

The draft minutes of the proceedings of each previous Board / Committee meeting is circulated along with the agenda. The Board also takes note of minutes of all Committee meetings at every Board meeting.

ii) Board meetings and attendance of directors

As a good practice a yearly calendar is prepared and circulated to all the Directors so that they can adequately plan their schedule. This ensures optimum presence of the Directors at each meeting.

During the FY 2014-15, four Board meetings were held on April 28, 2014, July 23, 2014, October 22, 2014 and January 21, 2015

The attendance of the Directors at the above Board meetings and at the last Annual General Meeting is given in the table below:

Name of Directors	No. of Board meetings held during FY 2014-15		Attendance in the last AGM dated 15th September, 2014
	Held	Attended	
Mr. Ajay Srinivasan	4	4	No
Mr. B N Puranmalka	4	4	No
Mr. D J Kakalia	4	3	No
Mr. Jitender Balakrishnan	4	4	No
Mr. Ashwani Puri	4	4	Yes
Ms. Alka Bharucha	N.A.	N.A.	N.A.

E. Code of Conduct

The Company has designed and implemented a Code of Conduct for all the employees of the Company. The senior management of the Company is governed by this Code of Conduct. The salient features of the said Code of Conduct policy is as under:

- Maintain highest degree of Corporate Governance practices
- confidentiality of information
- Act in good faith and exercise due care, diligence and integrity
- Ensure compliance with laws
- Minimum standards of conduct
- Fairness in workplace
- Avoiding conflict of interest
- Dealing with other people & organisations
- Dealing with Customers
- Responsibilities
- Adherence & enforcement mechanism
- Commitment

II) Audit Committee

The provisions of Section 177 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force), prescribes that every public company having paid-up capital of not less than Rupees Ten Crore shall constitute a committee of the Board known as "Audit Committee".

The primary functions which the Committee looks into are:

- overseeing company's financial reporting process and the disclosure of its financial information
- Review of Annual Financial Statements
- Management discussion and analysis of financial condition and results of operations
- Related party transactions
- Management letter/ letters of internal control weakness if any issued by Statutory Auditors
- Recommend appointment of Statutory Auditors and their remuneration
- Review of Internal Audit reports
- Recommend appointment of Internal Auditors and their remuneration
- Review internal audit reports relating to internal control weakness
- Review performance of Internal Auditors

a) Composition of Audit Committee

Our Audit Committee comprises of 3 (three) members as on date viz. Mr. Ajay Srinivasan, Mr. Ashwani Puri and Mr. D J Kakalia. Out of the above members, two members viz. Mr. Ashwani Puri and Mr. D J Kakalia are Independent Directors. Mr. Ashwani Puri is the Chairman of the Audit Committee.

All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise.

The Chief Executive Officer, the Chief Financial Officer, the Compliance Officer/ Company Secretary, Chief Risk Officer, the Internal Auditors and the Statutory Auditors of the Company are invited for each of the Audit Committee meeting of the Company.

The Company Secretary acts as the Secretary to the Committee.

b) Meetings of Audit Committee and attendance of Audit Committee members

During the FY 2014-15, the Audit Committee met four times on April 28, 2014, July 23, 2014, October 22, 2014 and January 21, 2015.

The attendance of the Audit Committee members at the Audit Committee meetings during the FY 2014-15 is given in the table below:

Name of the Committee member	No. of Audit Committee meetings held during the FY 2014-15	
	Held	Attended
Mr. Ajay Srinivasan	4	4
Mr. Ashwani Puri	4	4
Mr. B N Puranmalka*	4	4
Mr. D J Kakalia	4	3

* was a member upto 21st January, 2015. The Committee was reconstituted on 21st January, 2015.

III) Other Committees of the Company

For ensuring smooth business activities, the Company has constituted certain Board Committees with well defined charters for each one of them. The prominent Board Committees, other than the Audit Committee, are as under:

A) Risk Committee

In view of the growing scale of operations undertaken by the Company and as required by RBI norms, the Board of the Company had constituted the Risk Committee as a sub-committee of the Board, to oversee the risk management and compliance activities of the Company.

As per the documented charter duly approved by the Board of Directors, the primary function of the Risk Committee covers the following:

- Implementation of various directions issued by Board
- Review of Loan Portfolios
- Monitoring various risks affecting the Company
- Guiding the business to ensure effective risk management.
- Generally oversee the risk management function and perform such other related functions as the Board of the Company may entrust to it.

1) **Composition of Risk Committee**

The Risk Committee comprises of following members as on date viz:

- Mr. Jitender Balakrishnan
- Mr. B N Puranmalka
- Mr. Rakesh Singh
- Mr. Sekhar Mosur
- Mr. Ajay Srinivasan
- Mr. A Dhananjaya
- Mr. Tushar Shah
- Mr. Ajay Singh

Mr. Jitender Balakrishnan is the Chairman of this Committee. The Company Secretary acts as the Secretary to the Committee.

2) **Meetings of Risk Committee and attendance of Risk Committee members**

The attendance of the Risk Committee members at the Risk Committee meetings during the FY 2014-15 is given in the table below:

Name of the Committee member	No. of Risk Committee meetings held during the FY 2014-15	
	Held	Attended
Mr. Jitender Balakrishnan	3	3
Mr. Ajay Srinivasan	3	2
Mr. B N Puranmalka	3	3
Mr. A Dhananjaya	3	3
Mr. Rakesh Singh	3	3
Mr. Tushar Shah	3	1
Mr. Sekhar Mosur	3	3
Mr. Ajay Singh	3	2
Mr. Sanjay Miranka*	2	2
Mr. Maneesh Yadav*	2	2
Mr. Sridhar Easwaran*	2	2
Mr. Muthiah Ganapathy*	2	2

* were members upto 20th January, 2015. The Committee was reconstituted on 21st January, 2015.

B) **Asset Liability Management Committee**

The Board of the Company constituted the Asset Liability Management Committee as a sub-committee of the Board to:

Monitor the external environment and initiate appropriate action after evaluation of the following factors:

- Interest rate trends
- Market liquidity
- Monetary and fiscal policies
- Competitor actions
- Review balance sheet growth, mismatches and forecasts.

- Arrive at desirable maturity profiles for assets and liabilities based on anticipated funding needs, loan demands and liquidity position.
- Fine-tune product pricing.
- Ensure adequacy of capital and seek efficiency in its use in the context of a clearly charted growth strategy.
- Ensure compliance with interest rate and liquidity risk related regulatory requirements.

1) Composition of Asset Liability Management Committee

The Asset Liability Management Committee comprises of the following members as on date viz:

- | | |
|----------------------|-----------------------------|
| • Mr. A Dhananjaya | • Mr. Rakesh Singh |
| • Mr. Tushar Shah | • Mr. Sekhar Mosur |
| • Mr. Sanjay Miranka | • Mr. Maneesh Yadav |
| • Mr. Prosenjit Aich | • Mr. Arnab Basu |
| • Mr. Sachinn Joshi | • Mr. Chandramohan Amritkar |
| • Mr. Vitthal Naik | |

The Company Secretary acts as the Secretary to the Committee.

2) Meetings of Asset Liability Management Committee and attendance of Asset Liability Management Committee members

The attendance of the Asset Liability Management Committee members at the Asset Liability Management Committee meetings during the FY 2014-15 is given in the table below:

Name of the Committee member	No. of Asset Liability Management Committee meetings held during the FY 2014-15	
	Held	Attended
Mr. A Dhananjaya	12	5
Mr. Rakesh Singh	12	11
Mr. Tushar Shah [#]	5	5
Mr. Sanjay Miranka	12	10
Mr. Sekhar Mosur	12	11
Mr. Maneesh Yadav	12	8
Mr. Sridhar Easwaran [*]	7	3
Mr. Prosenjit Aich	12	8
Mr. Arnab Basu	12	1
Mr. Sachinn Joshi	12	10
Mr. Chandramohan Amritkar	12	10
Mr. Vitthal Naik [#]	5	5

^{*} was member upto 21st October, 2014. The Committee was reconstituted on 22nd October, 2014.

[#] became a member since 22nd October, 2014.

C) Remuneration Committee

The Remuneration Committee had been constituted under the Schedule XIII of the Companies Act, 1956.

Post the enactment of the Companies Act, 2013, as per the provisions of Section 178 of the said Act, the Remuneration Committee has been reconstituted and now called the Nomination & Remuneration Committee. The Committee recommends to the Board the appointment and remuneration payable to Manager of the Company, Key Managerial Personnel and other senior personnel as provided for in the aforesaid section.

1) Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Members:

- Mr. Ajay Srinivasan
- Mr. B N Puranmalka
- Mr. D J Kakalia
- Mr. Jitender Balakrishnan

2) Meetings of Nomination and Remuneration Committee and attendance of NRC members

The attendance of the Remuneration Committee members at the Remuneration Committee meetings during the FY 2014-15 is given in the table below:

Name of the Committee member	No. of Nomination and Remuneration Committee meetings held during the FY 2014-15	
	Held	Attended
Mr. Ajay Srinivasan	2	2
Mr. B N Puranmalka	2	2
Mr. D J Kakalia	2	2
Mr. Jitender Balakrishnan*	1	1

* The Remuneration Committee was reconstituted w.e.f. 7th January, 2015 with the induction of Mr. Balakrishnan.

D) Corporate Social Responsibility (CSR) Committee

CSR Committee had been constituted pursuant to the provisions of Section 135 of the Companies Act, 2013.

1) Composition of CSR Committee

The CSR Committee comprises of the following Members:

- Mr. Ajay Srinivasan
- Mr. B N Puranmalka
- Mr. Ashwani Puri

In addition to the above Board members, Mrs. Rajashree Birla, Dr. (Mrs.) Pragnya Ram and Mr. Rakesh Singh are permanent invitees at the Committee.

IV) Disclosures

A) Related Party Transactions

The related party transactions of the Company are periodically placed and reviewed by the Audit Committee of the Company which in turn briefs the Board of Directors at the Board meetings. The details have also been provided for in the Directors report.

B) Remuneration of Directors

Apart from sitting fees, travelling, lodging and other incidental expenses with respect to attending Meetings of Board/ Committees payable to the Independent Directors, no other remuneration is being paid to any of the Directors.

C) Shareholders & General information

1) Brief profile of Directors to be re-appointed in the 24th Annual General Meeting of the Company:

Mr. Ajay Srinivasan is retiring by rotation and approval is being sought for his re-appointment. Mr. Ajay Srinivasan holds a BA with Honours in Economics from St Stephens College, University of Delhi and MBA from the Indian Institute of Management, Ahmedabad. He has track record of building successful businesses, his experience in the financial services industry spans over two decades.

2) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are provided in the below Table:

AGM	Year	Date of the AGM	Time	Venue
23 rd	2014	15/09/2014	11.00 a.m.	Registered Office
22 nd	2013	30/08/2013	11.00 a.m.	Registered Office
21 st	2011	02/08/2012	4.30. p.m.	Registered Office

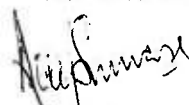
3) General Shareholder Information

Date, Time and Venue of the 24 th Annual General Meeting	28 th August, 2015, 10.30 a.m., Indian Rayon Compound, Veraval, Gujarat – 362 266
Year	2015

Registration no. of the Company as per Companies Act with the Registrar of Companies. Corporate Identification Number (CIN)	U65990GJ1991PLC064603
Permanent Account Number (PAN)	AACB5769M
Address for correspondence	One Indiabulls Centre, Tower 1, 18th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013

Place: Mumbai
Date: April 30, 2015

For and on behalf of the Board



Ajay Srinivasan
Director



B N Puranmalka
Director

REPORT ON CSR ACTIVITIES/ INITIATIVES
[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes

For us in the Aditya Birla Group, reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

Our vision is - "to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the country's human development index"

Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development.

Implementation process: Identification of projects

All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. We recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

Arising from this our focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects/ programmes are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. Our activities are in line with Schedule VII of the Companies Act, 2013.

Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 which is accessible from our Company's website. (www.adityabirlafinance.com)

2. The Composition of CSR Committee is provided below :

- a) Mr. Ashwani Puri
- b) Mr. Ajay Srinivasan
- c) Mr. B N Puranmalka

Permanent Invitees :

- d) Mrs. Rajashree Birla, Chairperson – Aditya Birla Centre
- e) Mrs. Pragnya Ram Group Executive President, Corporate Communications and CSR
- f) Mr. Rakesh Singh, Chief Executive Officer

3. Average Net Profit of the Company for last 3 financial years : Rs. 160.70 crore
4. Prescribed CSR expenditure (2% of amount): Rs.3.21 crore
5. Details of CSR activities/projects undertaken during the year:
 - a) total amount to be spent for the financial year
 - b) amount un-spent, if any
 - c) manner in which the amount spent during financial year, is detailed below:

1	2	3	4	5	6	7	8
Sr. No	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programmes 1.Local area/others- 2.specify the state /district (Name of the District/s, State/s where project/programme was undertaken	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programs <u>Sub-heads:</u> 1.Direct expenditure on project or programs 2.Overheads:	Cumulative spend upto to the reporting period	Amount spent: Direct/ through implementing agency*
Nil							

*Give details of implementing Agency.

6. In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report

The Company has formulated its CSR policy in accordance with the directions specified in the Companies Act, 2013 read with the rules. The Company is part of Aditya Birla Group and its overall vision is to actively contribute to the social and economic development of the communities in which the Group operates and in so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the country's human development index.

This is the first year requiring spending under CSR. Accordingly an amount of Rs. 3.21 crore (being 2% of Average net profit of the Company for last three financial years) was to be invested in CSR.

The Company was in the process of identifying and evaluating Projects which were in line with the vision of The Aditya Birla Centre for Community Initiatives and Rural Development and the CSR policy. As such all the projects would

normally go through detailed evaluation process and assessed under agreed strategy and vision. However given the projects were still under the evaluation strategy, the Company could not spend the allocated amount. The Company has plans for meeting out the objectives and completing the identification of projects.

7. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The Company has not spent any amount during FY 14-15. However, the projects are being evaluated, in line with the CSR policy.

For and on behalf of the Board



Ajay Srinivasan
Director



B N Puranmalka
Director

Place: Mumbai
Date: 30th April, 2015

Annexure 4

Related Party Transactions

Form AOC -2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rupees, in lakh)	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

2. Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts /arrangement s/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NIL					

For and on behalf of the Board

Place: Mumbai
Date: 30th April, 2015

Ajay Srinivasan
Director

B N Purnmalka
Director

Annexure 5

Aditya Birla Finance Limited

Details to be included in the Board report as per Section 197(12) & Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for Financial Year 2014-15

1	Ratio of remuneration of each Director to median remuneration of the employees of the company for the financial year; <i>Not Applicable as all the Directors of the Company are non-executive</i>			
2	Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager in the FY 2014-15			
	Mr. Rakesh Singh, CEO 10.40%	Mr. Sekhar Mosur, Manager 8.45%	Mr. Sachinn Joshi, CFO 6.82%	Mr. Muthiah Ganapathy, CS 5%
3	Percentage increase in median remuneration of employees in the FY 9.93%			
4	No. of permanent employees on rolls of the Company 393			
5	Explanation on the relationship between average increase in remuneration and company performance Company has done very well with the profit has grown by 58% against last year hence remuneration of 9.93% is fair			
6	Comparison of each remuneration of the Key Managerial Personnel against the performance of the company			
	CEO 10.40% increase against increase of Profit by 58%	Manager 8.45% increase against increase of Profit by 58%	CFO 6.82% increase against increase of Profit by 58%	CS 5% increase against increase of Profit by 58%
7	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year The Networth of the Company as at March 31, 2015 was Rs. 2,585 Crore as against Rs. 1,769 Crore in the previous year. The shares of the Company are not listed on any stock exchange.			

8	<p>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</p> <p><i>Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year - 9.93%</i></p> <p><i>Average percentile increase in the salaries of the managerial personnel in the last financial year - 8.45%</i></p>
9	<p>The key parameters for any variable component of remuneration availed by the directors</p> <p>Not Applicable</p>
10	<p>The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year</p> <p>Not Applicable</p>
11	<p>It is hereby affirmed that the remuneration paid is as per the remuneration policy of the company</p>

Annexure 6

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015
of
Aditya Birla Finance Limited

[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:

1.	CIN	:	U65990GJ1991PLC064603
2.	Registration Date	:	August 28, 1991
3.	Name of the Company	:	Aditya Birla Finance Limited
4.	Category / Sub- Category of the Company	:	Public Limited – Limited by shares and company having share capital
5.	Address of the Registered Office	:	Indian Rayon Compound, Veraval, Gujarat – 362 266
	Contact details	:	Tel. No. - 022 43567000
6.	Whether listed company	:	Yes (only Debentures are listed on National Stock Exchange of India Limited)
7.	Name, Address of Registrar & Transfer Agents (RTA), if any	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg Bhandup (W), Mumbai 400 708
	Contact details of RTA	:	Tel. No. +91 22 2596 3838; Fax no: +91 22 2594 6969; Email : isrl@intimespectrum.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Non-Banking finance Company engaged in lending and allied activities	65923	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Aditya Birla Financial Services Limited, Indian Rayon Compound, Veraval, Gujarat 362266	U67120GJ2007 PTC058890	Holding Company	100.00%	2(46)
2.	Aditya Birla Securities Private Limited, Aditya Birla Centre, S. K. Ahire Marg, Worli, Mumbai – 400030 (upto September 11, 2014)	U67190MH2008 PTC179283	Subsidiary Company	100.00%	2(87)

[illegible]

[illegible]

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 Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	105964781	209672661	315637442	100.00	105964781	344394917	450359698	100	42.68%

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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.	Aditya Birla Financial Services Limited	315637441	100.00	-	450359697	100.00	-	42.68 (due to new allotment)
2.	ABNL Investment Ltd.	1	-	-	1	-	-	0.00
	Total	315637442			450359698			42.68

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	315637441	100.00	315637441	
	Increase / (Decrease) in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	34722222		350359663	
		23809524		374169187	
		16666700		390835887	
		59523810		450359697	
	At the end of the year	450359697		450359697	100.00

The above shares were issued/allotted on Rights basis to maintain, inter alia, the Capital adequacy ratio as required under the Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's name	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
	For Each of the Top 10 Shareholders				
	At the beginning of the year	Not Applicable			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's name	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
	For Each of the Directors and KMP				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	Nil			

V. INDEBTEDNESS

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

(Rs. in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,25,232.62	3,39,470.70	-	9,64,703.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,780.83	8,294.55	-	20,075.38
Total (i+ii+iii)	6,37,013.45	3,47,765.25	-	9,84,778.70
Change in Indebtedness during the financial year				
Addition	6,27,937.36	22,02,293.61	-	28,30,230.97
Reduction	99,149.74	22,25,969.93	-	23,25,119.67
Net Change	5,28,787.62	-23,676.32	-	5,05,111.30
Indebtedness at the end of the financial year				
i) Principal Amount	11,37,102.65	3,22,268.65	-	14,59,371.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28,698.41	1,802.28	-	30,518.69
Total (i+ii+iii)	11,65,801.07	3,24,088.93	-	14,89,890.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in Rs. unless stated otherwise)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager – Mr. Sekhar Mosur			Total Amount
	(in Rs. unless stated otherwise)	Manager	MD	WTD	
	Gross salary	73,02,774	N.A.	N.A.	73,02,774
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL			NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL			NIL
	Stock Option	NIL			NIL
	Sweat Equity	NIL			NIL
	Commission	NIL			NIL
	- as % of profit				
	- others, specify...				
	Others, please specify (Variable pay)	23,85,257			23,85,257
	Total (A)	96,88,031			96,88,031
	Ceiling as per the Act	Rs. in Lakh			2,054

B. Remuneration to other directors:

(in Rs. unless stated otherwise)

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. D J Kakalia	Mr. Jitender Balakrishnan	Mr. Ashwani Puri	
	1. Independent Directors				
	• Fee for attending board / committee meetings	1,60,000	1,60,000	1,60,000	4,80,000
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	1,60,000	1,60,000	1,60,000	4,80,000
	2. Other Non-Executive Directors	-	-	-	-
	• Fee for attending board / committee meetings				
	• Commission				
	• Others, please specify				
	Total (2)	-	-	-	-
	Total (B)=(1+2)	1,60,000	1,60,000	1,60,000	4,80,000
	Total Managerial Remuneration				1,02,29,421
	Overall Ceiling as per the Act	Rs. in Lakh			4,519

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD

(in Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS*	CFO	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,66,34,484 NIL NIL	9,06,000 NIL NIL	79,47,345 NIL NIL	2,54,87,829 NIL NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	1,08,68,220	2,77,659	35,38,424	1,46,84,303
	Total	2,75,02,704	11,83,659*	1,14,85,769	4,01,72,132
	Ceiling as per the Act	NOT APPLICABLE			

* Muthiah Ganapathy had resigned w.e.f. 4th September, 2014

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for year ended 31st March, 2015.

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2015

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

To
The Members
ADITYA BIRLA FINANCE LIMITED
Indian Rayon Compound,
Veraval,
Gujarat – 362266

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **ADITYA BIRLA FINANCE LIMITED** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March, 2015 (hereinafter called 'the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



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- (iv) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time and mainly covering the aspects of Capital adequacy norms and periodic reporting's done by the Company.

We have also examined compliance with the applicable clauses of Debt Listing Agreement entered with National Stock Exchange of India Limited.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (iv) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (vi) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (ix) Secretarial Standards issued by The Institute of Company Secretaries of India (since not approved by the Central Government).

We further report that -

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

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Page 2 of 3

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that–

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has:

1. Issued and allotted 27,143 Secured Redeemable Non-Convertible Debentures (SRNCDs) at a face value of Rs.10,00,000/- each for cash at par on Private Placement basis.
2. Issued and allotted 950 Unsecured Redeemable Non-Convertible Subordinate Debentures (URNCDs) at a face value of Rs.10,00,000/- each for cash at par on Private Placement basis.
3. Issued and allotted 3,47,22,222 Equity Shares at an issue price of Rs.36/- per share on Right basis.
4. Issued and allotted 10,00,00,034 Equity Shares at an issue price of Rs.42/- per share on Right basis.



For BNP & Associates
Company Secretaries

B. Narasimhan
Partner

FCS 1303 / CP No.10440

Place: Mumbai
Date: April 30, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Aditya Birla Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 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, 2015, its profit, and its cash flows for the year 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 of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 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 purpose 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, Statement of Profit and Loss, and 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, 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 23 (2) 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 and;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Shrawan



per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: April 30, 2015

S.R. BATLIBOI & CO. LLP

Chartered Accountants

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Aditya Birla Finance Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (ii) (a) The Company does not hold any securities in physical form. The securities held as stock in trade by the custodian are verified with the confirmation statement received by the management from the custodian at regular intervals. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of securities held as stock in trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of securities held as stock-in-trade and no discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) 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, for the purchase of fixed assets, for rendering of services and for the purchase of securities. The activities of the Company did not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, wealth-tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, wealth tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales tax, customs duty, value added taxes and excise duty are not applicable to the Company.
- (b) According to the records of the Company, the dues outstanding of income-tax on account of any dispute are as follows:

Nature of the Statute	Nature of dues	Amount (Rs. in lacs)	Year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	55.33	A.Y. 2007 - 08	Income Tax Appellate Tribunal (ITAT) *
Income Tax Act, 1961	Income-tax	64.81	A.Y. 2008 - 09	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income-tax	50.41	A.Y. 2012 - 13	CIT (Appeals)

*ITAT has restored back the matter to the file of AO



Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Aditya Birla Finance Limited ("the Company")

- (c) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to the company.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) We have been informed that during the year under audit two borrowers of the Company have defrauded the Company by submitting forged documents at the time of borrowing and consequently such loans amounting to Rs. 794.89 Lacs have become doubtful of recovery and the same have been fully provided for by the Company.

S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: April 30, 2015



Aditya Birla Finance Limited

Balance Sheet

as at 31st March 2015

(Currency: Rupees in Lakhs)

	Notes	As at 31 March 2015	As at 31 March 2014
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital			
(i) Equity	1	45,035.97	31,563.74
(ii) Preference	1	60,000.00	60,000.00
(b) Reserves and surplus	2	153,447.48	85,359.08
		<u>258,483.45</u>	<u>176,922.82</u>
(2) NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3a	878,628.12	473,948.60
(b) Other Long-term liabilities	5a	1,820.28	8,294.55
(c) Long-term provisions	6a	13,661.11	9,993.10
		<u>894,109.51</u>	<u>492,236.25</u>
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	3b	394,485.56	391,604.98
(b) Trade payables	4	4,191.55	2,857.60
(c) Other current liabilities	5b	240,341.92	122,924.47
(d) Short-term provisions	6b	4,073.90	4,018.37
		<u>643,092.93</u>	<u>521,405.42</u>
Total		<u><u>1,795,685.89</u></u>	<u><u>1,190,564.49</u></u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	7	788.53	372.35
(ii) Intangible assets	7	494.61	687.07
(iii) Intangible assets under development		526.72	279.62
(b) Non current investments	8a	1,564.36	1,746.97
(c) Deferred tax assets (Net)	9	5,740.07	4,239.81
(d) Long-term loans and advances	10a	944,579.47	534,698.82
		<u>953,693.76</u>	<u>542,024.64</u>
(2) CURRENT ASSETS			
(a) Current investments	8b	2,431.06	18,605.82
(b) Stock of securities		46,756.69	11,672.48
(c) Trade receivables	11	34.27	32.23
(d) Cash and bank balances	12	15,891.96	1.89
(e) Short-term loans and advances	10b	765,294.40	609,297.36
(f) Other current assets	13	11,583.75	8,930.07
		<u>841,992.13</u>	<u>648,539.85</u>
Total		<u><u>1,795,685.89</u></u>	<u><u>1,190,564.49</u></u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 301003E

per Shrawan Jalan

Partner

Membership No: 102102



For and on behalf of the Board of Directors of
Aditya Birla Finance Limited

Ajay Srinivasan

(Director)

(DIN - 00121181)

B. N. Suranmalka

(Director)

(DIN - 00007432)

Sachinn Joshi

(Chief Financial Officer)

Sekhar Mosur

(Manager)

Ankur Shah

(Company Secretary)

Place: Mumbai

Date: 30 April 2015

Place: Mumbai

Date: 30 April 2015

Aditya Birla Finance Limited

Statement of Profit and Loss for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	Notes	Year ended 31 March 2015	Year ended 31 March 2014
I. Revenue from Operations	14	177,617.31	120,116.16
II. Other Income	15	427.68	197.21
III. Total Revenue		<u>178,044.99</u>	<u>120,313.37</u>
IV. Expenses :			
Finance costs	16	110,642.37	74,401.73
Employee benefit expenses	17	11,354.98	8,281.88
Other expenses	18	7,903.94	5,321.54
Depreciation and Amortization expenses	7	670.93	411.53
Provisions and write - offs (Net)	19	6,388.21	6,764.56
V. Total Expenses		<u>136,960.43</u>	<u>95,181.24</u>
VI. PROFIT BEFORE TAX		<u>41,084.56</u>	<u>25,132.13</u>
VII. Tax expenses :			
(a) Current Tax		15,510.00	11,010.00
(b) Deferred Tax Expenses / (Benefits)- (Net)		(1,500.26)	(2,450.55)
(c) Income tax relating to earlier years		7.19	1.26
VIII. PROFIT FOR THE YEAR		<u>27,067.63</u>	<u>16,571.42</u>
IX. Basic and Diluted Earnings per share (Face value Rs. 10)	20	<u>7.95</u>	<u>7.87</u>
(Previous year Face value Rs. 10)		<u>7.95</u>	<u>7.87</u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 301003E

per Shrawan Jalan

Partner

Membership No: 102102



For and on behalf of the Board of Directors of
Aditya Birla Finance Limited

Ajay Arinivasan

(Director)

(DIN - 00121181)

B. N. Puranmalka

(Director)

(DIN - 00007432)

Sachinn Joshi

(Chief Financial Officer)

Sekhar Mosur

(Manager)

Ankur Shah

(Company Secretary)

Place: Mumbai

Date: 30 April 2015

Place: Mumbai

Date: 30 April 2015

Aditya Birla Finance Limited

Cash flow statement

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	31 March 2015	31 March 2014
A. Cash Flow from operating activities		
Profit before tax	41,084.56	25,132.13
<i>Adjustments for:</i>		
Depreciation / Amortisation	670.93	411.53
Provision for leave encashment	88.83	80.36
Provision for gratuity	52.89	(50.58)
Bad debts and Provision for Non-Performing Assets (Net)	1,582.81	3,899.94
Contingent Provision on Standard Assets	1,420.64	832.58
General Contingency Provision	152.61	1,302.83
Provision for diminution in Investments	28.05	45.92
Provision for employee benefits	973.60	812.22
Loss/(Gain) on Sale of Investments	(406.42)	(150.50)
Loss/(Gain) on Sale of Fixed Assets	2.71	(1.71)
Dividend Income	(6.53)	(6.84)
	<u>4,560.12</u>	<u>7,175.75</u>
Operating Profit before Working Capital changes	45,644.68	32,307.88
<i>Adjustments for:</i>		
(Increase)/decrease in Trade Receivables	(2.03)	486.81
(Increase)/decrease in Loans and Advances	(566,135.47)	(405,090.88)
(Increase)/decrease in Stock of Securities	(35,084.21)	45,229.55
(Increase)/decrease in Other Liabilities and Trade Payable	25,169.25	15,762.21
(Increase)/decrease in Other assets	(2,653.70)	298.76
	<u>(578,706.16)</u>	<u>(343,313.55)</u>
Cash used in Operations	(533,061.48)	(311,005.66)
Direct Taxes Paid	(15,807.25)	(10,421.46)
	<u>(15,807.25)</u>	<u>(10,421.46)</u>
Net Cash used in Operating Activities (A)	(548,868.73)	(321,427.13)
B. Cash flow from investing activities		
Purchase of Tangible Assets	(694.45)	(145.78)
Purchase of Intangible Assets including assets under development	(458.87)	(456.02)
Purchase of Securities	(2,364.75)	(16,224.54)
Sale of Securities	19,100.48	7,699.18
Dividend Received	6.53	6.84
Sale of Tangible Assets	8.89	13.42
	<u>15,597.83</u>	<u>(9,106.90)</u>
Net Cash used in Investing Activities (B)	15,597.83	(9,106.90)
C. Cash flow from financing activities		
Dividend on Preference Share and Corporate Dividend Tax	(7.02)	(5.47)
Proceeds from Borrowings	9,394,607.04	2,974,781.50
Repayment of Borrowings	(8,899,939.07)	(2,696,745.76)
Share Premium	41,027.79	35,563.00
Equity Share Capital	13,472.23	16,934.76
	<u>549,160.97</u>	<u>330,528.02</u>
Net Cash from Financing Activities (C)	549,160.97	330,528.02



Aditya Birla Finance Limited

Cash flow statement

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	31 March 2015	31 March 2014
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)	15,890.07	(6.00)
Cash and Cash Equivalents (Opening Balances)	1.89	7.89
Cash and Cash Equivalents (Closing Balances)	15,891.96	1.89
Net Increase/(decrease) in Cash and Cash Equivalents	15,890.07	(6.00)

Note to Cash Flow Statement

Cash and Cash Equivalents include

Balances with Banks in Current Accounts

15,891.96	1.89
15,891.96	1.89

As per our report of even date attached.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No 301003E

Shrawan

per Shrawan Jalan

Partner

Membership No: 102102



Place: Mumbai

Date: 30 April 2015



For and on behalf of the Board of Directors of

Aditya Birla Finance Limited

Ajay
Ajay Srinivasan
(Director)
(DIN - 00121181)

B. N. Purmal
B. N. Purmal
(Director)
(DIN - 00007432)

Sachinn Joshi
Sachinn Joshi
(Chief Financial Officer)
Place: Mumbai
Date: 30 April 2015

Sekhar Mosur
Sekhar Mosur
(Manager)

Ankur Shah
Ankur Shah
(Company Secretary)

Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

As at
31 March 2015

As at
31 March 2014

1. Share Capital

Authorised

1,000,000,000 (Previous year: 1,000,000,000) equity shares of Rs 10 each

100,000.00 100,000.00

1,000,000,000 (Previous year: 1,000,000,000) preference shares of Rs 10 each

100,000.00 100,000.00

200,000.00 200,000.00

Issued, Subscribed and Fully Paid up

Equity Share Capital

450,359,698 (Previous year: 315,637,442) equity shares of Rs 10 each, fully paid up

45,035.97 31,563.74

45,035.97 31,563.74

Preference Share Capital

75,000,000 (Previous year: 75,000,000) 0.01% Compulsory Convertible Cumulative Preference Shares of Rs 10 each, fully paid up*

7,500.00 7,500.00

300,000,000 (Previous year: 300,000,000) 0.01% Compulsory Convertible Cumulative Preference Shares of Rs 10 each, fully paid up**

30,000.00 30,000.00

225,000,000 (Previous year: 225,000,000) 0.01% Compulsory Convertible Cumulative Preference Shares of Rs 10 each, fully paid up***

22,500.00 22,500.00

60,000.00 60,000.00

None of the above preference shares have been converted into equity shares till March 31, 2015.

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

I) Equity Share

Description

31 March 2015

Number Rs in lakhs

31 March 2014

Number Rs in lakhs

Number of Shares outstanding at the beginning of the year

315,637,442 31,563.74 146,289,842 14,628.98

Number of Shares issued during the year

134,722,256 13,472.23 169,347,600 16,934.76

Number of Shares outstanding at the end of the year

450,359,698 45,035.97 315,637,442 31,563.74

II) Preference Share

Number of Shares outstanding at the beginning of the year

600,000,000 60,000.00 600,000,000 60,000.00

Number of Shares issued during the year

- - - -

Number of Shares outstanding at the end of the year

600,000,000 60,000.00 600,000,000 60,000.00



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

B) Shares held by holding / ultimate holding company and / or their subsidiaries / associate

<u>Name of Share Holder</u>	31 March 2015		31 March 2014	
	Number	Rs in lakhs	Number	Rs in lakhs
I) Equity Share				
(i) Aditya Birla Financial Services Limited (Formerly known as Aditya Birla Financial Services Private Limited), holding company	450,359,697	45,035.97	315,637,441	31,563.74
(ii) ABNL Investment Limited, fellow subsidiary company	1	0.00	1	0.00
II) Preference Share 0.01% Compulsory Convertible Cumulative Preference Shares of Rs.10 each, fully paid up				
(i) Madura Garments Lifestyle Retail Company Limited, fellow subsidiary company	425,000,000	42,500.00	425,000,000	42,500.00
(ii) Aditya Birla Financial Services Limited (Formerly known as Aditya Birla Financial Services Private Limited), holding company	175,000,000	17,500.00	175,000,000	17,500.00

C) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held.

<u>Name of Share Holder</u>	31 March 2015		31 March 2014	
	Number	% of total paid-up equity capital	Number	% of total paid-up equity capital
I) Equity Share				
(i) Aditya Birla Financial Services Limited (Formerly known as Aditya Birla Financial Services Private Limited), holding company	450,359,697	100.00%	315,637,441	100.00%
II) Preference Share 0.01% Compulsory Convertible Cumulative Preference Shares of Rs.10 each, fully paid up				
	Number	% of total paid-up preference capital	Number	% of total paid-up preference capital
(i) Madura Garments Lifestyle Retail Company Limited, fellow subsidiary company	425,000,000	70.83%	425,000,000	70.83%
(ii) Aditya Birla Financial Services Limited (Formerly known as Aditya Birla Financial Services Private Limited), holding company	175,000,000	29.17%	175,000,000	29.17%



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Notes:

1 Term/right attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be receiving remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

2 Term of conversion/redemption of Preference Shares

Preference shares carry cumulative dividend @0.01 % p.a. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company before conversion of Compulsory Convertible Cumulative Preference Shares (CCCPS), the holders of CCCPS will have priority over equity shares in the payment of dividend and repayment of capital.

* Compulsory Convertible Cumulative Preference Shares (CCCPS) 75,000,000 0.01% of Rs 10 each fully paid up (31st March, 2014: 75,000,000), comprising of 50,000,000 CCCPS allotted on 30th November 2007 and 25,000,000 allotted on 31st December 2007, are convertible into equity shares of the Company at any time after three months from the respective date of allotment but within 10 years from respective date of allotment, at a price to be decided by the Board of Directors of the Company. In the event these CCCPS are not converted into fully paid up equity shares prior to date of maturity, then these CCCPS shall be converted into appropriate numbers of fully paid up equity shares at twice the fair value of equity shares as on the date of conversion.

**Compulsory Convertible Cumulative Preference Shares (CCCPS) 300,000,000 0.01% of Rs 10 each fully paid up (31st March, 2014: fully paid up 300,000,000) are convertible into equity shares of the Company on or before 31st March, 2017 at the option of CCCPS holders. The conversion of CCCPS into equity shares of the company will be at 2/3rd of the fair value on the date of conversion or such other ratio as may be mutually agreed.

***Compulsory Convertible Cumulative Preference Shares (CCCPS) 200,000,000 @ 0.01% of Rs 10 each fully paid up (31st March, 2014 fully paid up 200,000,000), comprising of 100,000,000 CCCPS each allotted on 20th July, 2012 and 28th December, 2012, are convertible into equity shares of the Company on or before 5 years from the respective date of allotments at the fair value on the date of conversion or such other ratio as may be mutually agreed.

***Compulsory Convertible Cumulative Preference Shares (CCCPS) 25,000,000 @ 0.01% of Rs 10 each fully paid up (31st March, 2014 fully paid up 25,000,000) allotted on 25th March 2013, are convertible into equity shares of the Company on or before 5 years from the date of allotment i.e 25th March 2018 at the fair value on the date of conversion or such other ratio as may be mutually agreed.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	As at 31 March 2015	As at 31 March 2014
2. Reserves and Surplus		
(I) Other Reserves		
Special Reserve *		
Opening Balance	8,880.00	5,560.00
Addition: Amount transferred from surplus balance in the Statement of Profit and Loss	5,420.00	3,320.00
Closing Balance	<u>14,300.00</u>	<u>8,880.00</u>
(II) Share Premium Account		
Share Premium Account	44,031.25	8,468.25
Addition during the year	41,027.79	35,563.00
	<u>85,059.04</u>	<u>44,031.25</u>
(III) Surplus as per statement of Profit and Loss		
Opening Balance	32,447.83	19,203.43
Addition		
Profit for the year	27,067.63	16,571.42
Less: Appropriation		
Transfer to Special Reserve	5,420.00	3,320.00
Dividend on Preference Shares	6.00	6.00
Tax on Dividend	1.02	1.02
Closing Balance	<u>54,088.44</u>	<u>32,447.83</u>
	<u><u>153,447.48</u></u>	<u><u>85,359.08</u></u>

*Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-banking Finance Company is required to transfer an amount not less than 20 per cent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

As at	As at
31 March 2015	31 March 2014

3a. Long-Term Borrowings

Secured

Redeemable Non Convertible Debentures *

300,320.00 81,150.00

Term Loan from Banks

523,308.12 347,298.60

823,628.12 428,448.60

Unsecured

Sub ordinate Debts - Debentures

55,000.00 45,500.00

55,000.00 45,500.00

878,628.12 473,948.60

3b. Short-Term Borrowings

Secured

Term Loan / Demand Loan from Banks

7,500.00

Loan repayable on demand from Banks (Cash Credit)

119,716.91 97,634.28

127,216.91 97,634.28

Unsecured

Term Loan / Demand Loan from Banks

30,000.00 10,000.00

Commercial Papers **

237,268.65 280,975.04

Loan from Related Parties

- 2,995.66

267,268.65 293,970.70

394,485.56 391,604.98

* Redeemable Non Convertible Debentures shown net of unamortised discounting charges Rs. Nil lakhs (31st March 2014 Rs. 50.59 lakhs).

** Commercial paper shown net of unamortised discounting charges Rs. 2,731.35 lakhs (31st March, 2014 Rs. 3,525.04 lakhs).



Handwritten signature.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

I) Secured Long Term Borrowings

"The term loans from banks are secured by way of first pari passu charge on the receivables of the Company."

The repayment terms and rate of interest of term loans are as under-

	2015 Current	Non Current	2014 Current	Non Current
Repayment Terms : Maturing within 1 year, Rate of Interest 10.20 % to 10.35 % p.a.	133,997.63	-	39,500.33	-
Repayment Terms : Maturing after 1 year, Rate of Interest 9.65 % to 10.35 % p.a.	-	523,308.12	-	347,298.60
Debentures Secured by way of mortgage of the immovable property and first pari- passu charge on current assets of the Company:				
Repayment Terms : Maturing within 1 year, Rate of Interest 8.75 % to 10.59 % p.a.	52,260.00	-	59,649.41	-
Repayment Terms : Maturing after 1 year, Rate of Interest 8.86 % to 10.20 % p.a.	-	300,320.00	-	81,150.00
	186,257.63	823,628.12	99,149.74	428,448.60

II) Unsecured Long term Borrowing

9.45 % to 10.60 % p.a. (Redeemable from Feb 2022 to June 2025)

	55,000.00	-	45,500.00
	55,000.00	-	45,500.00

186,257.63	878,628.12	99,149.74	473,948.60
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III) Secured Short Term Borrowings :

Cash Credit secured by way of first pari-passu charge on Receivables of the Company

119,716.91	-	97,634.28	-
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Working Capital Demand Loan secured by way of first pari-passu charge on Receivables of the Company

7,500.00	-	-	-
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IV) Unsecured Short Term Borrowings :

Rate of Interest 10.40 % to 11.05 % p.a.

30,000.00	-	10,000.00	-
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157,216.91	-	107,634.28	-
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Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	As at 31 March 2015	As at 31 March 2014
4. Trade Payables		
Trade payables	2,124.95	1,383.31
Trade payables for salaries, bonus and other employee benefits	2,066.60	1,474.29
	<u>4,191.55</u>	<u>2,857.60</u>
5a. Other Long Term Liabilities		
Interest accrued and Interest accrued but not due on Loans	1,820.28	8,294.55
	<u>1,820.28</u>	<u>8,294.55</u>
5b. Other Current Liabilities		
Current maturities of Term Loan	133,997.63	39,500.33
Current maturities of Redeemable Non Convertible Debentures	52,260.00	59,649.41
Interest accrued and Interest accrued but not due on Loans	28,698.41	11,780.83
Book Overdraft	22,599.33	7,373.93
Income received in advance	449.81	1,008.41
Statutory Dues	181.28	223.52
Margin Money from Customers	195.88	270.29
Other Payable - Deposits	583.15	2,658.34
Other Payable - Miscellaneous	1,376.43	459.41
	<u>240,341.92</u>	<u>122,924.47</u>
6a. Long Term Provisions		
Provision for Employee benefits	2,369.44	1,395.84
Provision for diminution on account of restructuring	192.00	192.00
Contingent Provision against Standard Assets	2,322.15	1,295.48
Provision for Doubtful Debts and Advances	7,514.69	5,931.88
General Contingency Provision	1,262.83	1,177.90
	<u>13,661.11</u>	<u>9,993.10</u>
6b. Short Term Provisions		
Proposed Dividend on Preference Shares	6.00	6.00
Provision for Corporate Dividend Tax	1.02	1.02
Provision for Income Tax (Net of advance tax Rs. 14,923.40 lakhs 31 March, 2014 Rs 9,875.57 lakhs)	586.60	1,134.43
Contingent Provision against Standard Assets	1,939.92	1,545.95
General Contingency Provision	1,054.97	987.29
Provision for Leave Encashment	391.74	302.92
Provision for Gratuity	93.65	40.76
	<u>4,073.90</u>	<u>4,018.37</u>



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Note 7

Tangible Assets

	Building	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
Gross Block							
As at 1 April 2013	26.27	384.73	72.31	105.63	98.79	271.67	959.40
Additions	-	83.16	4.31	34.88	16.17	7.25	145.77
Deletions/Adjustment	-	-	2.17	28.02	4.19	2.11	36.49
As at 31 March 2014	26.27	467.89	74.45	112.49	110.77	276.81	1,068.68
Additions	-	229.73	31.85	114.86	57.46	260.57	694.47
Deletions/Adjustment	-	0.50	0.11	16.26	0.06	0.45	17.38
As at 31 March 2015	26.27	697.12	106.19	211.09	168.17	536.93	1,745.77
Accumulated Depreciation							
As at 1 April 2013	2.73	214.17	37.12	32.33	71.26	216.10	573.71
For the year	1.31	77.46	12.85	21.71	11.80	22.26	147.39
Deletions/Adjustment	-	-	2.04	17.19	3.96	1.58	24.77
As at 31 March 2014	4.04	291.63	47.93	36.85	79.10	236.78	696.33
For the year	0.39	105.05	14.61	35.43	21.63	89.58	266.69
Deletions/Adjustment	-	0.08	0.11	5.10	0.06	0.43	5.78
As at 31 March 2015	4.43	396.60	62.43	67.18	100.67	325.93	957.24
Net block as at 31 March 2015	21.84	300.52	43.76	143.91	67.50	211.00	788.53
Net block as at 31 March 2014	22.23	176.26	26.52	75.64	31.67	40.03	372.35

Intangible Assets

	Software	Total
Gross Block		
As at 1 April 2013	686.68	686.68
Additions	550.66	550.66
Deletions/Adjustment	-	-
As at 31 March 2014	1,237.34	1,237.34
Additions	211.78	211.78
Deletions/Adjustment	-	-
As at 31 March 2015	1,449.12	1,449.12
Accumulated Depreciation		
As at 1 April 2013	286.13	286.13
For the year	264.14	264.14
Deletions/Adjustment	-	-
As at 31 March 2014	550.27	550.27
For the year	404.24	404.24
Deletions/Adjustment	-	-
As at 31 March 2015	954.51	954.51
Net block as at 31 March 2015	494.61	494.61
Net block as at 31 March 2014	687.07	687.07

Notes :

- 1) Redeemable Non Convertible Debenture is secured by charge on immovable property of the Company .
- 2) Office Equipment includes Gross Assets amounting to Rs 2.19 lakhs (Previous Year : Rs 2.19 lakhs) held jointly with Birla Sun Life Insurance Company Limited



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

As at
31 March 2015

As at
31 March 2014

8a. Non Current Investments

Long Term, Fully Paid up	Face value (Rs)	Numbers	Rs in lakhs	Numbers	Rs in lakhs
(A) Equity Shares					
Trade Investment					
Unquoted					
Investment in Subsidiary					
Aditya Birla Online Fashion Private Limited (Formerly known as Aditya Birla Securities Private Limited)	10	-	-	60,000	6.60
Quoted					
HDFC Bank Limited	2	1,300	0.04	1,300	0.04
MOIL Limited	10	12,245	45.92	12,245	45.92
Unquoted					
Others					
Birla Management Centre Services Limited	10	2,000	0.20	7,000	0.70
Birla Sun Life Trustee Company Private Limited	10	-	-	20	0.01
SWAWS Credit Corporation Private Limited (Refer note 23 (12))	10	393,748	39.37	393,748	39.37
(B) Preference Shares					
Non Trade Investment					
Unquoted					
Share Microfin Limited 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares	10	11,682,000	1,168.20	12,493,250	1,249.33
(C) Debentures					
Non Trade Investment					
Unquoted					
SWAWS Credit Corporation Private Limited Optionally Convertible Debentures carrying fixed coupon rate of 12 % p.a. (Refer note 23 (12))	100	13,125	13.13	13,125	13.13



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	As at 31 March 2015		As at 31 March 2014		
	Face value (Rs)	Numbers	Rs in lakhs	Numbers	Rs in lakhs
(D) Others					
Non Trade Investment					
Unquoted					
PMS Investment			371.47		437.79
Less: Provision for diminution on investments			(73.97)		(45.92)
			<u>1,564.36</u>		<u>1,746.97</u>
i) Aggregate amount of Quoted Investments			45.96		45.96
ii) Aggregate amount of Unquoted Investments			1,518.40		1,701.01
iii) Aggregate market value of Quoted Investments			47.12		40.46
iv) Aggregate market value of PMS Investments			1,009.66		730.47
v) Aggregate amount of diminution in value of investments Rs. 73.97 lakhs (31st March, 2014 Rs.45.92 lakhs).					
vi) Non Current Investment valued at cost unless stated otherwise.					
vii) Quoted Debentures Market value has been taken at cost since these are not frequently traded.					

8b. Current Investments

(A) Commercial Papers / Certificate of Deposit					
Unquoted					
Karvy Financial Services Private Limited	500,000	500	2,431.06	300	1,458.56
RHC Holding Private Limited	500,000	-	-	500	2,433.76
Punjab and Sind Bank	100,000	-	-	7,500	7,352.95
UCO Bank	100,000	-	-	7,500	7,360.55
			<u>2,431.06</u>		<u>18,605.82</u>
 i) Aggregate amount of Unquoted Investments			2,431.06		18,605.82
ii) Aggregate amount of Quoted Investments			-		-
iii) Aggregate market value of Quoted Investments			-		-
iv) Aggregate amount of diminution in value of investments Rs. Nil (31st March, 2014 Rs. Nil)					
iv) Current Investments are stated at lower of cost and market/fair values					



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

As at
31 March 2015

As at
31 March 2014

9. Deferred Tax Assets (Net)

Deferred Tax Assets at the year end comprise timing differences on account of:

Depreciation	(21.97)	(45.45)
Provision for Doubtful Debts	2,554.24	2,016.25
Contingent Provisions against Standard Assets	1,448.68	965.80
General Contingency Provision	787.82	735.95
Provision Others	971.30	567.26
	<u>5,740.07</u>	<u>4,239.81</u>

10a. Long-Term Loans and Advances

Secured

(Considered good unless otherwise stated)

Project Finance	321,314.56	169,275.83
Term Loan	102,111.40	53,092.69
Mortgage Finance	443,477.66	262,549.15
Collateral Finance	<u>5,000.00</u>	<u>13,362.65</u>
	<u>871,903.62</u>	<u>498,280.32</u>

Unsecured

(Considered good unless otherwise stated)

Security Deposits	375.80	135.41
Corporate Finance (Bills Discounting/Purchased/Invoice Discounting)	144.66	535.52
Loan to Micro Finance	1,094.23	1,546.21
Loan - Rural Finance	-	100.64
Prepaid Expenses	16.40	20.23
Personal Loan	362.87	12.81
Project Finance	33,300.00	13,602.00
Term Loan	22,054.08	5,596.10
Capital Advances	<u>28.04</u>	<u>158.88</u>
	<u>57,376.08</u>	<u>21,707.80</u>

Doubtful*

Collateral Finance	1,485.91	1,921.91
Corporate Finance (Bills Discounting/Purchased/Invoice Discounting)	1,618.58	1,041.22
Project Finance	5,804.44	4,633.33
Term Loan	6,236.26	6,991.74
Loan to Micro Finance	<u>154.58</u>	<u>122.50</u>
	<u>15,299.77</u>	<u>14,710.70</u>

944,579.47 534,698.82

* Represents non-performing assets classified as sub-standard and doubtful in accordance with norms for classification of assets as per RBI Prudential norms for Non-Banking Finance Companies.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

As at
31 March 2015 As at
31 March 2014

10b. Short-Term Loans and Advances

Secured

(Considered good unless otherwise stated)

Collateral Finance	365,187.38	293,878.28
Corporate Finance (Bills Discounting/Purchased/Invoice Discounting)	21,953.47	21,327.65
Term Loan	44,930.83	31,720.77
Mortgage Finance	64,142.44	33,801.52
Project Finance	43,153.23	48,244.35
	<u>539,367.35</u>	<u>428,972.57</u>

Unsecured

(Considered good unless otherwise stated)

Corporate Finance (Bills Discounting/Purchased/Invoice Discounting)	114,828.07	113,403.07
Loan to Micro Finance	637.37	577.85
Inter Corporate Deposits	26,270.00	19,931.00
Term Loan	83,147.55	26,548.51
Project Finance	-	17,500.00
Loan - Rural Finance	36.81	1,025.24
Personal loan	80.09	6.09
Loans and Advance to Related Parties	53.66	1.44
Others Advances	237.54	62.93
Security Deposits	18.54	277.91
Loan to Employees	-	0.09
Prepaid Expenses	179.28	313.97
Service Tax Receivable	63.79	44.56
Advance Payment of Taxes (Net of provision for taxation Rs. 16,780.00 lakhs 31 March, 2014 Rs 9,010.00 lakhs)	374.35	632.13
	<u>225,927.05</u>	<u>180,324.79</u>
	<u>765,294.40</u>	<u>609,297.36</u>



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	As at 31 March 2015	As at 31 March 2014
11. Trade Receivable (Unsecured, considered good unless otherwise stated)		
Other Debts	34.27	32.23
	<u>34.27</u>	<u>32.23</u>
12. Cash and Bank Balances		
Cash and Cash Equivalent		
Balances with Banks in Current Accounts	15,891.96	1.89
	<u>15,891.96</u>	<u>1.89</u>
13. Other Current Assets		
Other receivables	39.56	36.60
Interest Accrued but not due/Interest Receivable	11,544.19	8,893.47
	<u>11,583.75</u>	<u>8,930.07</u>



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

14. Revenue From Operations

Interest

Capital Market Activity

Interest on Loan against Securities

40,856.66

31,846.97

Interest on Loan against IPO Funding

404.91

234.09

41,261.57

32,081.06

Corporate Finance

Interest on Bills Discounting/Invoice Discounting Charges

14,088.59

9,654.19

14,088.59

9,654.19

Term Loan/Project Finance/Mortgage Finance/Others

Interest on Term Loans

21,004.25

11,445.28

Interest on Project Finance

37,413.39

29,371.12

Interest on Mortgage Finance

49,841.12

26,498.16

Interest on Personal Loans

33.45

0.07

Interest on Rural Finance Loans

103.06

92.29

108,395.27

67,406.92

Inter Corporate Deposits

Interest on Inter Corporate Deposits

2,711.13

1,962.97

2,711.13

1,962.97

Others

Discount Charges on Commercial Paper

389.09

446.41

389.09

446.41

166,845.65

111,551.54

Other Financial Services

Treasury Operations

Securities Trading Income

3,962.68

3,483.32

3,962.68

3,483.32

Syndication and Other Fee Income

Corporate Finance

1,083.66

913.03

Capital Market

405.25

549.87

Project Finance

2,428.64

1,752.53

Treasury

114.45

61.74

Mortgage Finance

2,776.98

1,796.81

Rural Finance

-

7.32

6,808.98

5,081.30

10,771.66

8,564.62

177,617.31

120,116.16



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Year ended 31 March 2015	Year ended 31 March 2014
-----------------------------	-----------------------------

15. Other Income

Other Interest	2.25	31.19
Gain on Sale of Fixed Assets (Net)	-	1.71
Miscellaneous Income (includes excess provision and sundry balances written back (Net))	12.48	6.97
Dividend from Long Term Investment	4.84	6.84
Dividend from Short Term Investment	1.69	-
Gain on sale of Investments (Net)	406.42	150.50
	<u>427.68</u>	<u>197.21</u>

16. Finance Costs

Interest Expenses	80,226.72	49,498.81
Discounting charges on Commercial Paper	30,129.29	24,779.04
Other Borrowing Costs	286.36	123.88
	<u>110,642.37</u>	<u>74,401.73</u>

17. Employee Benefit Expenses

Salaries, Bonus and Allowances	10,549.00	7,739.28
Contribution to Provident and Other Funds	374.02	251.50
Staff Welfare Expenses	431.96	291.10
	<u>11,354.98</u>	<u>8,281.88</u>



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	Year ended 31 March 2015	Year ended 31 March 2014
18. Other Expenses		
Rent	899.29	739.20
Travelling and Conveyance	804.16	492.99
Water and Electricity	87.99	47.38
Repairs and Maintenance:		
Plant and Machinery	1.89	1.33
Others	440.91	274.85
Insurance	107.78	72.27
Communication Expenses	117.47	79.70
Legal and Professional Charges (Refer note 23 (6))	1,399.04	1,030.46
Loss on Sale of Fixed Assets (Net)	2.71	-
Rates and Taxes	450.08	342.23
Printing and Stationery	108.56	56.60
Contract Service Charges	92.04	83.14
Information Technology Expenses	233.48	194.21
Business / Sales Promotion Expenses	271.44	90.73
Advertisement Expenses	636.91	466.88
Postage Expenses	31.74	21.27
Bank Charges	63.96	67.33
Brokerage and Commission	1,808.29	1,059.52
Miscellaneous Expenses	346.20	201.45
	7,903.94	5,321.54

19. Provisions and Write - offs (Net)

Bad debts/Advances Written off	3,017.05	793.96
Provision for Doubtful Debts and Advances	4,601.34	4,516.56
Provision for Doubtful Debts written back	(3,018.53)	(808.62)
Provision for diminution in Current Investment written back	(35.15)	(145.82)
Provision for Diminution in value of Long Term Investment	28.05	45.92
Change in Carrying Value of Current Investment	222.20	35.15
Provision for diminution on account of restructuring	-	192.00
General Contingency Provision	152.61	1,302.83
Contingent Provisions against Standard Assets	1,420.64	832.58
	6,388.21	6,764.56



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

	31 March 2015	31 March 2014
20. Earnings per Share		
Net Profit after Tax	27,067.63	16,571.42
Less: Dividend on Preference Share (including Corporate Dividend Tax)	7.02	7.02
Net Profit after Tax available for equity shareholders	27,060.61	16,564.40
Weighted average number of equity shares outstanding (Numbers)	340,538,512	210,342,542
Basic and Diluted Earnings per share (Rs.)	<u>7.95</u>	<u>7.87</u>

Note: In absence of the rate at which, 0.01% Compulsory Convertible Cumulative Preference Share of the Company shall be converted, its effect on diluted EPS has not been worked out.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

21A. Disclosure in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Sr No.	Particulars	Amount out-standing	Amount overdue
	Liabilities side :		
1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured (including interest accrued but not due of Rs.18,910.71 lakhs)	371,490.71	-
	Unsecured (including interest accrued but not due of Rs.9,471.94 lakhs) (other than falling within the meaning of public deposits*)	64,471.94	-
	(b) Deferred Credits	-	-
	(c) Term Loans	687,305.75	-
	(d) Inter-corporate loans and borrowing (including interest accrued but not due of Rs. nil)	-	-
	(e) Commercial Paper	237,268.65	-
	(f) Other Loans (Working Capital) & Others	119,716.91	-
		1,480,253.96	
	* Please see Note 1 below		
	Assets side :	Amount out-standing	
2)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		
	(a) Secured	1,411,270.97	
	(b) Unsecured	297,309.16	
	(includes those in nature of loans and excludes Advances Recoverable in cash or kind or for value to be received, Advance Payment of Taxes and Other Deposits)		
3)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	
	(b) Operating lease	-	
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	
	(b) Repossessed Assets	-	
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	
	(b) Loans other than (a) above	-	
		1,708,580.13	



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

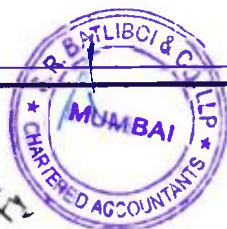
for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

21A. Continued

Assets side :		Amount out-standing
4) Break-up of Investments :		
1. Quoted :		
(i) Shares (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Commercial Paper)		-
2. Unquoted :		
(i) Shares (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Commercial Paper / Certificate of Deposits)		2,431.06
Long Term investments :		
1. Quoted :		
(i) Shares (a) Equity		24.49
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-
2. Unquoted :		
(i) Shares (a) Equity		0.20
(b) Preference		1,168.20
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (PMS)		371.47

5) Borrower group-wise classification of assets financed as in (2) and (3) above :			
Please see Note 2 below			
Category	Net of Provisions		
	Secured	Unsecured	Total
1) Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	53.66	53.66
(c) Other related parties	-	-	-
2) Other than related parties	1,411,270.97	297,255.50	1,708,526.47
	1,411,270.97	297,309.16	1,708,580.13



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

21A. Continued

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
Please see note 3 below		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1) Related Parties**		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2) Other than related parties	4,070.36	3,995.43
	4,070.36	3,995.43
Note: Break up value derived from the latest available Balance Sheet of the Company.		
** As per Accounting Standard of ICAI (Please see Note 3)		
7) Other information :		
(i) Gross Non-Performing Assets :		
(a) Related parties		-
(b) Other than related parties		15,299.77
(ii) Net Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		7,785.08
(iii) Assets acquired in satisfaction of debt .		-

Notes:

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non -Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

21B.

a) CRAR

(Rs.in Crores)

Sr. No.	Items	Current Year	Previous Year
(i)	CRAR* (%)	16.94	18.59
(ii)	CRAR - Tier I capital (%)	13.98	14.50
(iii)	CRAR - Tier II Capital (%)	2.96	4.09
(iv)	Amount of subordinated debt raised as Tier-II capital	550.00	455.00
(v)	Amount raised by issue of Perpetual Debt Instruments	-	

* The management intends to reduce the tenor of the subdebt of Rs 300 Crores, hence for the purpose of computation of CRAR, the subdebt of Rs 300 crores have been taken at 80% value.

b) Unsecured Advances

(Rs.in Crores)

Sr. No.	Particulars	Current Year	Previous Year
(i)	Unsecured Advances	2,973.09	2150.97

c) Exposures

c.i) Exposure to Real Estate Sector

(Rs.in Crores)

Category		Current Year	Previous Year
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;	54.10	7.77
ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits;	3,860.85	2,172.83
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures - a. Residential b. Commercial Real Estate	Nil 114.57	Nil 143.91
Total Exposure to Real Estate Sector		4,029.52	2,324.51



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

21B. Continued

c.ii) Exposure to Capital Market

(Rs.in Crores)

Particulars		Current Year	Previous Year
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	473.96	121.91
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	44.88	108.59
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	3,405.60	2,841.01
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	529.29	200.45
vi)	Loans sanctioned to corporates 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 exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		4,453.74	3,271.96

c.iii) Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

(Rs.in Crores)

Particulars	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances**	3,010.46	871.89	945.71	1,363.65	1,578.66	3,735.95	1,703.22	3,875.72	17,085.26
Investments	-	-	24.31	-	-	-	-	15.64	39.95
Borrowings*	549.30	2,031.98	444.72	197.52	2,583.93	5,103.03	3,123.23	560.00	14,593.71
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

* Net of Unamortized Discounting charges on Commercial Paper amounting to Rs. 27.31 Cr.

** Overdue Receivable on account of Corporate Finance Activities have been slotted in respective time bucket category as per instructions contained in Appendix 1 of Guidelines for Assets Liabilities Management (ALM) system in NBFC.

*** Advances includes Loan and Advances in the nature of Loans and excludes Advances Recoverable in cash or kind and Advances Received and Advance Payment of Taxes and Other Deposits.



Aditya Birla Finance Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Notes forming part of Accounts 22

Significant Accounting Policies

1. Corporate information - Brief description about the Company

Aditya Birla Finance Limited ('ABFL' or 'the Company') was incorporated on 28 August, 1991 as a private limited company under the Companies Act, 1956. The Company was subsequently registered as a public limited company on 17 March, 1994.

The Company is registered with RBI as non-deposit taking NBFC with registration no.

N-01.00500 and was certified as ISO 9001:2008 across all its core functional processes in March 2013 by BSI, a leading global independent business services organization.

The Principal shareholder of the Company is Aditya Birla Financial Services Limited (Formerly known as Aditya Birla Financial Services Private Limited) (99.99%), a private limited company incorporated in India and one share is held by ABNL Investment Limited, a fellow subsidiary company, a public limited company incorporated in India.

ABFL offers customised solutions in areas of Capital Market, Corporate Finance, Commercial Real Estate & Mortgages and Infrastructure Project & Structured Finance.

2. Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non current.

3. Change in accounting policy

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Effective from 1st April, 2014, the Company has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013 or as re-assessed by the Company. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (Continued)

3. Change in accounting policy (Continued)

Further, on application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset.

Based on transitional provision given in Schedule II to the Companies Act, 2013, Had there been no change in useful lives of fixed assets, the charge to the Statement of Profit and Loss would have been higher by Rs. 0.92 lakhs.

4. Change in accounting estimate

The Company makes General Contingency provision which is over and above the provision as prescribed by RBI. During the current year, the Company has revised downward the provision as a percentage of overall exposures under different Risk Categories. This change in the provision percentage has resulted into increase in profit for the year by Rs 842.00 lakhs.

5. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

6. Tangible Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on Tangible Fixed Assets is provided on Straight Line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its Fixed Assets :-

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life by Company
Building	60 Years	60 Years
Office Computers and Electronic Equipments	3 Years	4 Years
Vehicles	8 Years	5 Years
Furniture, Fixtures and Other Office Equipments	10 Years	7 Years



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (Continued)

6. Tangible Fixed Assets (Continued)

Useful life of assets different from prescribed in Schedule II has been estimated by management supported by technical assessment.

Tangible Fixed Assets costing below Rs 5,000 should be capitalized and 100% depreciation should be charged in the year of acquisition.

Depreciation on assets acquired / sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ till the date of acquisition or sale.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

7. Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and impairment losses, if any. Intangible Assets are amortized on a straight line basis over their estimated useful lives as under :-

Depreciation on the Intangible Assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible Assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated Intangible Assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

Intangible Assets are amortized on a straight line basis over the estimated useful economic lives as under :-

Computer Software	3 years
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Intangible Assets are assessed for impairment whenever there is an indication that the Intangible Asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following :-



Aditya Birla Finance Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (*Continued*)

7. Intangible Assets (*Continued*)

- a. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- b. Its intention to complete the asset
- c. Its ability to use or sell the asset
- d. How the asset will generate future economic benefits
- e. The availability of adequate resources to complete the development and to use or sell the asset.
- f. The ability to measure reliably the expenditure attributable to the intangible asset during development.

8. Impairment of Tangible and Intangible Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

9. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the



Aditya Birla Finance Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (*Continued*)

9. Investments (*Continued*)

acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

10. Inventories

Stocks of securities are valued at lower of cost and net realizable value. Cost includes cost of purchase and other directly attributable towards purchase costs.

Net realizable value is the estimated fair value of securities as on the Balance Sheet date.

11. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised in the Statement of Profit and Loss on accrual basis, except in the case of non-performing assets.

Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.

Income on discounted instruments is recognised over the tenor of the instrument on a straight line basis.

Processing Fees and Syndication income is recognised on accrual basis.

Dividend income on investments is accounted for when the right to receive the payment is established by the reporting date.

Sales are recorded net of trade discounts, rebates and securities transaction tax.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (Continued)

12. Taxation

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised Deferred Tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the Deferred Tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a Deferred Tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

13. Retirement and Other Employee Benefits

i) Defined Contribution Plan

The Company makes defined contribution to Government managed Employee Provident Fund, Government managed Employee Pension Fund, Employee Deposit Linked Insurance, Employee State Insurance and Superannuation Schemes which are recognised in Statement of Profit and Loss on accrual basis.

(ii) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognised immediately in Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.



Aditya Birla Finance Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (*Continued*)

13. Retirement and Other Employee Benefits (*Continued*)

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Ultimate Holding Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Ultimate Holding Company is additionally provided for. Actuarial losses/ Gains are recognized in Statement of Profit and Loss in the year in which they arise.

(iii) Other Long Term Incentive Benefits

Other Long Term Incentive Benefits includes future encashment or availment, at the option of the employee subject to the rules framed by the Company which are expected to be availed or encashed beyond 12 months from the end of the year and long term incentive payable to employees on fulfilment of criteria prescribed by the Company.

14. Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset.

All other borrowing costs are expensed in the period they occur.

15. Cash and Cash Equivalent

Cash and Cash Equivalents for the purpose of cash flow statement comprise Cash in Hand and Cash at Bank including Fixed Deposit with original maturity period of less than three months.

16. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



Aditya Birla Finance Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Significant Accounting Policies (*Continued*)

17. Provision and Contingencies

Provisions are recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

The management based on its judgement provides additional contingency provision on standard assets.

Provision on Standard Assets is made @ 0.25% as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

Contingent Liabilities are possible but not probable obligations as on Balance Sheet date, based on the available evidence.

Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. Contingent Liabilities are not provided for and disclosed by way of notes.

18. Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating Leases and lease rentals thereon are charged to Statement of Profit and Loss on straight line basis.

19. Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items include general corporate income and expense item which are not allocated to any business segment.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

Notes forming part of accounts 23

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 209.61 lakhs (31st March, 2014 Rs. 99.70 lakhs).

2. Contingent Liabilities not provided for as on 31st March, 2015:-

- Disputed Income Tax Liability Rs. 170.55 lakhs (31st March, 2014 Rs. 124.52 lakhs).*
- Claims against the Company not acknowledged as debts Rs.812.00 lakhs (31st March, 2014 Rs. 812.00 lakhs)**
- Corporate guarantees given by the Company on behalf of the clients Rs. 878.74 lakhs, (31st March 2014 Rs 951.33). Letter of comfort given by the Company on behalf of clients Rs. 21,494.48 lakhs, (31st March, 2014 Rs Nil)
- Liabilities for pro-rata refund on insurance claim to the Insurance Company arising as a result of any part of outstanding debt not recognized in the final judgement, is not ascertainable as the legal matter for recovery of such amounts is still under process.

* Disputed Income Tax liability includes Disallowance u/s 14A read with rule 8D for Financial Year 2007-08 Rs. 60.74 lakhs and for Financial Year 2006-07 Rs.10.84 lakhs. The matter is pending before Income tax Appellate Tribunal. It also includes disallowance of Interest on Non-Performing Assets (NPA) for Financial Year 2011-12 Rs. 50.41 lakhs. The matter is pending before CIT(A).

The claims against the Company comprise of the following :-

** Two of Company clients have filed the Claim Petition as per High Court Order dated 27.10.2009 for an amount of Rs. 512.00 lakhs along with damages with interest. The matter is pending before Arbitrator.

The Company had filed an appeal on 30.06.2011 before The Securities and Appellate Tribunal (SAT) against the communication of SEBI dated 28.03.2011 restraining certain entities to access the securities market and further prohibited them from buying, selling or dealing in securities in any manner. The appeal has been allowed by SAT in Company's favour. The Company has undertaken that in the event it is called upon by the Tribunal or Board to bring back money of Rs. 300 lakhs which Company have realized by the sale of shares, Company shall do so forthwith.

3. The Company is in the process of identifying the parties which are covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As of March 31, 2015 the Company is not aware of any party which gets covered under MSMED Act. The Company does not have any outstanding balance due as on 31 March, 2015 (31 March, 2014: Rs. Nil)



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures

I) List of related parties

(A) Where control exists:-

- Aditya Birla Financial Services Limited (ABFSL) (Formerly known as Aditya Birla Financial Services Private Limited) (Holding Company)
- Aditya Birla Nuvo Limited (Ultimate Holding Company)

(B) Subsidiaries / Fellow Subsidiaries :-

- Aditya Birla Online Fashion Private Limited (ABOFPL) (Formerly known as Aditya Birla Securities Private Limited) till 10th September, 2014

Fellow Subsidiaries

- Aditya Birla Customer Services Private Limited (ABCSPL)
- Aditya Birla Financial Shared Services Limited (ABFSSL)
- Aditya Birla Money Limited (ABML)
- Aditya Birla Insurance Brokers Limited (ABIBL)
- Aditya Birla Money Mart Limited (ABMML)
- Aditya Birla Money Insurance Advisory Services Limited (ABMIASL)
- ABNL Investment Limited (ABNLIL)
- Aditya Birla Minacs Worldwide Limited (ABMWL)
- Birla Sun Life Insurance Company Limited (BSLICL)
- Birla Sun Life Asset Management Company Limited (BSAMCL)
- Madura Garments Lifestyle Retail Company Limited (MGLRCL)
- Aditya Birla Housing Finance Company Limited (ABHFCL)

(C) Key management personnel

- Mr. Sekhar Mosur



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures (Continued)

II) Transactions with Related parties

Particulars	Referred in (A) above	Referred in (B) above	Referred in (C) above	Total
Remuneration	- (-)	- (-)	97.49 (94.10)	97.49 (94.10)
Brokerage	- (-)	13.58 (36.72)	- (-)	13.58 (36.72)
Interest expenses	- (4.66)	468.08 (288.00)	- (-)	468.08 (292.66)
Rent expenses (Reimbursement of expenses)	51.86 (-)	267.77 (225.99)	- (-)	319.63 (225.99)
Legal and professional (Reimbursement of expenses)	74.77 (-)	23.36 (19.95)	- (-)	98.13 (19.95)
Employee cost (Reimbursement of expenses)	769.37 (1.65)	184.22 (121.06)	- (-)	953.59 (122.71)
Administrative Expenses (Reimbursement of expenses)	123.63 (0.47)	100.03 (114.45)	- (-)	223.66 (114.92)
Dividend	1.75 (1.45)	4.25 (3.26)	- (-)	6.00 (4.71)
Trading securities sales income transferred	- (-)	0.12 (-)	- (-)	0.12 (-)
Interest income	- (-)	1.47 (-)	- (-)	1.47 (-)
Employee cost recovered	2.83 (3.47)	58.38 (-)	- (-)	61.21 (3.47)
Legal & Professional (Exp Recovered)	- (-)	0.60 (-)	- (-)	0.60 (-)
Profit on sale of shares	0.03 (-)	- (-)	- (-)	0.03 (-)
Administrative income (Exps recovered)	19.15 (0.07)	16.53 (5.53)	- (-)	35.68 (5.60)
Loan obtained	- (10,000.00)	5,009.00 (6,923.03)	- (-)	5,009.00 (16,923.03)
Loans repaid	- (10,000.00)	8,004.66 (5,855.39)	- (-)	8,004.66 (15,855.39)
Equity share capital	13,472.23 (16,934.76)	- (-)	- (-)	13,472.23 (16,934.76)
Equity share premium	41,027.79 (35,563.00)	- (-)	- (-)	41,027.79 (35,563.00)
Purchase of share / others	- (-)	- (3.00)	- (-)	- (3.00)



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures (Continued)

Particulars	Referred in (A) above	Referred in (B) above	Referred in (C) above	Total
Proceeds from Sale of shares	0.04 (-)	- (-)	- (-)	0.04 (-)
Sale of assets	3.91 (-)	57.08 (-)	- (-)	60.99 (-)
Purchase of Fixed Assets	- (7.51)	- (34.83)	- (-)	- (42.34)
Insurance Premium Paid	- (-)	59.39 (63.80)	- (-)	59.39 (63.80)
Preference Share Capital outstanding	17,500.00 (17,500.00)	42,500.00 (42,500.00)	- (-)	60,000.00 (60,000.00)
Loan taken	- (-)	- (2,995.66)	- (-)	- (2,995.66)
Amount Payable	87.65 (-)	70.43 (82.68)	- (-)	158.08 (82.68)
Amount Receivable	- (0.07)	53.65 (1.37)	- (-)	53.65 (1.44)
Non Convertible Debentures (NCD)	- -	2,500.00 (1,000.00)	- -	2,500.00 (1,000.00)
Current maturities of NCD	- -	1,000.00 -	- -	1,000.00 -
Interest accrued on NCD	- -	222.05 (29.75)	- -	222.05 (29.75)
Security deposit receivable	- -	88.30 (88.30)	- -	88.30 (88.30)

III) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

Particulars	31-Mar-15	31-Mar-14
Brokerage		
Aditya Birla Money Mart Limited	13.58	36.72
Dividend expenses		
Aditya Birla Financial Services Limited	1.75	1.45
Madura Garments Lifestyle Retail Company Limited	4.25	3.26
Remuneration		
Mr. Sekhar Mosur	97.49	94.10



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures (Continued)

Particulars	31-Mar-15	31-Mar-14
Administrative expenses		
Aditya Birla Money Mart Limited	-	2.50
Aditya Birla Money Limited	3.34	0.03
Aditya Birla Insurance Brokers Limited	0.10	1.90
Aditya Birla Financial Services Limited	123.12	-
Aditya Birla Financial Shared Services Limited	81.33	47.54
Birla Sun Life Insurance Company Limited	11.45	12.69
Aditya Birla Nuvo Limited	0.51	0.47
Aditya Birla Customer Services Private Ltd	-	5.62
Aditya Birla Minacs Worldwide Ltd	-	41.61
Birla Sun Life Asset Management Company Limited	3.81	2.56
Interest expenses		
Aditya Birla Nuvo Limited	-	4.66
Aditya Birla Insurance Brokers Limited	174.58	258.25
Birla Sun Life Insurance Company Limited	293.50	29.75
Rent expenses		
Aditya Birla Financial Services Limited	51.86	-
Aditya Birla Money Limited	2.55	0.98
Birla Sun Life Insurance Company Limited	193.97	204.27
Aditya Birla Money Mart Limited	19.64	16.26
Aditya Birla Financial Shared Services Limited	4.74	1.09
Birla Sun Life Asset Management Company Limited	-	3.39
Aditya Birla Housing Finance Company Ltd	46.87	-
Legal and Professional		
Aditya Birla Financial Services Limited	74.77	-
Aditya Birla Financial Shared Services Limited	23.36	15.98
Birla Sun Life Asset Management Company Limited	-	3.97
Employee cost		
Aditya Birla Nuvo Limited	5.59	1.65
Aditya Birla Financial Services Limited	763.78	-
Birla Sun Life Insurance Company Limited	2.99	-
Aditya Birla Financial Shared Services Limited	141.90	105.84
Birla Sunlife Asset Management Company Limited	39.33	15.22
Trading Securities Sales inc transferred		
Aditya Birla Housing Finance Company Ltd	0.12	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures (Continued)

Particulars	31-Mar-15	31-Mar-14
Employee cost recovered		
Aditya Birla Nuvo Limited	1.59	3.47
Aditya Birla Financial Services Limited	1.24	-
Birla Sun Life Insurance Company Limited	3.62	-
Aditya Birla Housing Finance Company Ltd	54.76	-
Legal and Professional expenses recovered		
Aditya Birla Financial Shared Services Limited	0.60	-
Profit on sale of shares		
Aditya Birla Financial Services Limited	0.03	-
Interest Income		
Aditya Birla Housing Finance Company Ltd	1.47	-
Administrative Income		
Aditya Birla Financial Services Limited	19.15	-
Aditya Birla Nuvo Limited	-	0.07
Aditya Birla Insurance Brokers Limited	1.67	5.34
Aditya Birla Money Mart Limited	-	0.02
Birla Sunlife Asset Management Company Limited	-	0.17
Aditya Birla Housing Finance Company Ltd	14.86	-
Loan obtained (including ICBs)		
Aditya Birla Insurance Brokers Limited	3,769.00	-
Aditya Birla Housing Finance Company Ltd	1,240.00	-
Aditya Birla Nuvo Limited	-	10,000.00
Aditya Birla Insurance Brokers Limited	-	6,923.03
Loans repaid (including ICBs)		
Aditya Birla Nuvo Limited	-	10,000.00
Aditya Birla Insurance Brokers Limited	6,764.66	5,855.39
Birla Sun Life Insurance Company Limited	-	-
Aditya Birla Housing Finance Company Ltd	1,240.00	-
Non Convertible Debentures (NCD)		
Birla Sun Life Insurance Company Limited	2,500.00	1,000.00
Equity Share Capital		
Aditya Birla Financial Services Limited	13,472.23	16,934.76
Share Premium		
Aditya Birla Financial Services Limited	41,027.79	35,563.00
Purchase of Shares / others		
Aditya Birla Online Fashion Private Limited	-	3.00
Proceeds from Sale of Shares		
Aditya Birla Financial Services Limited	0.04	-
Sale of assets		
Aditya Birla Nuvo Limited	3.91	-
Aditya Birla Financial Shared Services Limited	1.03	-
Aditya Birla Housing Finance Company Ltd	56.05	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

4. Related Party Disclosures (Continued)

Particulars	31-Mar-15	31-Mar-14
Purchase of Fixed Assets		
Aditya Birla Nuvo Limited	-	7.51
Aditya Birla Minacs Worldwide Limited	-	27.44
Aditya Birla Money Limited	-	7.39
Insurance Premium Paid		
Birla Sun Life Insurance Company Limited	59.39	63.80
Payable		
Aditya Birla Financial Services Limited	87.65	-
Aditya Birla Insurance Brokers Limited (Loan)	-	2,995.66
Aditya Birla Money Insurance Advisory Services Limited	0.77	0.77
Aditya Birla Minacs Worldwide Limited	-	22.41
Birla Sun Life Insurance Company Limited	24.27	6.92
Aditya Birla Money Mart Limited	13.86	24.92
Aditya Birla Financial Shared Services Limited	21.25	20.22
Birla Sun Life Assets Management Company Limited	6.27	7.26
Aditya Birla Money Limited	4.01	0.18
Receivable		
Aditya Birla Nuvo Limited	-	0.07
Aditya Birla Insurance Brokers Limited	1.61	-
Aditya Birla Housing Finance Company Ltd	52.04	-
Aditya Birla Online Fashion Private Limited	-	1.37
Preference Share Capital Outstanding		
Madura Garments Lifestyle Retail Company Limited	42,500.00	42,500.00
Aditya Birla Financial Services Limited	17,500.00	17,500.00
Redeemable NCDS (Secured)		
Birla Sun Life Insurance Company Limited	3,500.00	1,000.00
Interest accrued on NCDs		
Birla Sun Life Insurance Company Limited	222.05	29.75
Security Deposit Receivable		
Birla Sun Life Insurance Company Limited	88.30	88.30

Notes:-

- The related party relationships have been as identified by the management on the basis of the requirements of the Accounting Standard AS-18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India and the same have been relied upon by the Auditors.
- The relationships as mentioned above except where control exists pertain to those related parties with whom transactions have taken place during the year.
- Figures in brackets represent corresponding amounts of previous year.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

5. Gratuity and Other Post Employment Benefits

The details of the Company's defined benefit plans for its employees are given below:

Amount recognized in the Balance Sheet in respect of gratuity (funded by the Company)		
	As at 31 March, 2015	As at 31 March, 2014
Present Value of Funded defined benefit obligation at the end of the year	426.54	295.00
Fair Value of Plan Assets	332.88	254.23
Net Liability/(Assets)	93.66	40.76
Amount recognized in Salary, Wages and Employee Benefits in the Statement of Profit and Loss in respect of gratuity (funded by the Company):		
Current Service Cost	88.91	76.52
Interest on Defined Benefit Obligation	33.91	24.28
Expected Return on Plan Assets	(23.27)	(13.77)
Net Actuarial (Gains) / Loss recognized during the year	(5.89)	(46.27)
Net Gratuity Cost	93.66	40.76
Actual Return on Plan assets	51.77	15.25
Reconciliation of present value of the obligation and the fair value of the plan assets:		
	As at 31 March, 2015	As at 31 March, 2014
Opening Defined Benefit Obligation	295.00	233.11
Current Service Cost	88.91	76.52
Interest Cost	33.91	24.28
Actuarial Losses/(Gain)	22.60	(44.79)
Liabilities assumed on acquisition/ (settled on divesture)	-	8.33
Benefit Paid	(13.88)	(2.47)
Closing Defined Benefit Obligation	426.54	295.00
Change in Plan Assets		
Opening Fair Value of the Plan Assets	254.23	141.77
Expected Return on Plan Assets	23.27	13.77
Actuarial Gains/(Losses)	28.50	1.48
Contributions by the Employer	40.76	91.35
Assets acquired on acquisition/ (distributed on divesture)	-	8.33
Benefit Paid	(13.88)	(2.47)
Closing Fair Value of the Plan Assets	332.88	254.23
Investment details of Plan assets		
100% of plan assets are invested with Insure Managed Funds	-	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

5. Gratuity and Other Post Employment Benefits (Continued)

	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2011
Experience Adjustment					
Defined Benefit Obligation	426.54	295.00	233.11	155.27	145.98
Plan Assets	332.88	254.23	141.77	96.39	115.13
Surplus/(Deficit)	(93.66)	(40.76)	(91.35)	(58.89)	(30.85)
Experience Adjustment on Plan Liabilities	(26.49)	(0.68)	27.76	15.90	2.52
Experience Adjustment on Plan Assets	28.50	1.48	7.14	(5.59)	11.04
Principal Actuarial Assumptions at the Balance Sheet Date:-					
Discount Rate (p.a.)	8.00%	8.90%	7.90%	8.40%	8.10%
Expected Rate of return on Assets (p.a.)	8.50%	8.50%	8.50%	8.50%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at Balance Sheet date.

Investment in Plan Asset with Birla Sun Life Insurance Company Limited is Rs. 332.88 lakhs (31 March, 2014 Rs. 254.23 lakhs).

Estimated amount of contribution expected to be paid to the Gratuity Fund during the annual period after the Balance Sheet date is Rs. 45.00 lakhs (31 March 2014 Rs. 45.00 lakhs).

During the year the following cost has been incurred on account of :

Defined Benefit Plan

Particulars	31 March 2015	31 March 2014
Contribution to Company owned Provident Fund	78.30	78.42

The Guidance Note on implementation of AS-15, Employee Benefits (Revised 2005), issued by the ICAI states that Provident Fund set up by the employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Ultimate Holding Company's set up Provident Fund does not have existing deficit of interest shortfall. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

5. Gratuity and Other Post Employment Benefits (Continued)

Defined Contribution Plans

Amount recognised as an expense and included in Note 17 - "Contribution to Provident and Other Funds:-

Sr. No.	Particulars	31 March 2015	31 March 2014
i)	Contribution to Govt. Employees Provident Fund	143.04	111.88
ii)	Contribution to Govt. Employees Pension Fund	35.55	16.06
iii)	Contribution to Superannuation Fund	3.16	4.29
iv)	Contribution to ESIC	0.07	0.07
v)	Contribution to MLW Fund	0.01	0.01

Other Long Term Incentive Benefits:-

Liability for the scheme is determined based on actuarial valuation. The assumptions used for valuation are:

Particulars	31 March 2015
Discount rate	7.96% per annum
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition rate	10.00 %

6. Details of Auditors Remuneration

Particulars	31 March 2015	31 March 2014
Audit Fees (including Limited Review Fees)	36.00	23.00
Tax Audit Fees	4.00	2.25
Certification work	2.00	4.00
Out of Pocket Expenses	1.47	0.96

7. Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee, has been formed to provide a common pool of facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost to each member. The Company's share of expenses under the common pool has been accounted for under the appropriate heads of account.

8. Segment Reporting

The Company is primarily engaged in financing activities. It operates in single business and geographical segment. The Company earned some treasury income, these income have been classified as "Unallocated reconciling item" as per requirements of AS- 17 on Segment Reporting.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

8. Segment Reporting (Continued)

Particulars	31 March 2015			31 March 2014		
	Financing Activities	Trading and Other activities	Total	Financing Activities	Trading and Other activities	Total
Segment Revenue	174,082.31	3,962.68	178,044.99	116,830.05	3,483.32	120,313.37
Segment Results (Profit before tax and after interest on Financing segment)	40,336.33	3,937.50	44,273.83	23,875.25	3,460.00	27,335.25
Less: Interest on unallocated reconciling items	-	3,189.27	3,189.27	-	2,203.12	2,203.12
Net profit before tax	40,336.33	748.23	41,084.56	23,875.25	1,256.88	25,132.13
Less: Income taxes	-	-	14,016.93	-	-	8,560.71
Net profit after tax	-	-	27,067.63	-	-	16,571.42
Other Information						
Segment Assets	1,742,814.78	46,756.69	1,789,571.47	1,174,020.08	11,672.48	1,185,692.56
Unallocated Corporate Assets	-	-	6,114.42	-	-	4,871.93
Total Assets	1,742,814.78	46,756.69	1,795,685.89	1,174,020.08	11,672.48	1,190,564.49
Segment Liabilities	1,529,023.43	8,179.01	1,537,202.44	1,011,527.09	2,114.58	1,013,641.67
Unallocated Corporate Liabilities	-	-	-	-	-	-
Total Liabilities	1,529,023.43	8,179.01	1,537,202.44	1,011,527.09	2,114.58	1,013,641.67
Capital expenditure	1,153.32	-	1,153.32	601.79	-	601.79
Depreciation	670.93	-	670.93	411.53	-	411.53
Other non-cash expenses	7,623.69	1.00	7,624.69	7,761.95	1.00	7,762.95

9. Expenditure in Foreign Currency:

Particulars	31 March 2015	31 March 2014
Business/Sales Promotion	11.36	21.33

10. As provided for in the clause 16(a) of the Listing Agreement entered into with the Stock Exchange the Company has created security(s) for Rs.367,534.00 lakhs as on 31 March, 2015. The details of security created on assets are as under:

- Immovable property at Ahmedabad
- Receivables arising from unsecured loans / receivables on bills, Letter of Credit/ discounting trade advances given by the Company
- Securities (such as Non Convertible Debentures, Commercial Paper, Stock of Securities etc) held by the Company in the form of investments and advances.
- Such other assets which the Company may add from time to time.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

11. Details of Opening Stock, Purchases, Sales and Closing Stock in respect of trading in Securities are as follows:

Particulars/Year	Opening	Purchase	Sales	Closing
Units of Mutual Funds 2014-2015 (Nos.)	Nil	127,028,662.65	127,028,662.65	Nil
2013-2014	Nil	296,276,663.92	296,276,663.92	Nil
Stock of Securities 2014- 2015	11,707.63	798,509.92	763,937.14	46,756.69
2013-2014	57,047.85	252,447.75	298,603.55	11,672.48



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

12. Information in respect of restructured assets in accordance with RBI circular no. (RBI/2013-14/459) DNBS. CO. PD. No. 367/03.10.01/2013-14 on restructuring of advances by NBFC.

The following tables set forth, for the periods indicated, details of loan assets subjected to restructuring

Sr. no.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts at April 1, 2014										
	No. of borrowers	-	-	1	-	-	-	-	-	-	-
	Amount outstanding	-	-	207.08	-	-	-	-	-	-	-
	Provision thereon	-	-	207.08	-	-	-	-	-	-	-
2	Fresh restructuring during the year ended March 31, 2015										
	No. of borrowers	-	1	1	-	-	-	-	-	-	-
	Amount outstanding	-	4,383.19	2,922.07	-	-	-	-	-	-	-
	Provision thereon	-	1,513.33	1,913.50	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at March 31, 2015 and hence need not be shown as restructured standard advances at April 1, 2015										
	No. of borrowers	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Amount outstanding	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Provision thereon	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
5	Downgradations of restructured accounts during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts at March 31, 2015										
	No. of borrowers	-	1	2	-	-	-	-	-	-	-
	Amount outstanding	-	4,383.19	3,129.15	-	-	-	-	-	-	-
	Provision thereon	-	1,513.33	2,120.58	-	-	-	-	-	-	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

(Currency: Rupees in Lakhs)

12. Information in respect of restructured assets (Continued)

The following tables set forth, for the periods indicated, details of loan assets subjected to restructuring

Sr. no.	Type of Restructuring	Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts at April 1, 2014										
	No. of borrowers	-	-	-	-	-	-	-	1	-	-
	Amount outstanding	-	-	-	-	-	-	-	207.08	-	-
	Provision thereon	-	-	-	-	-	-	-	207.08	-	-
2	Fresh restructuring during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	1	1	-	-
	Amount outstanding	-	-	-	-	-	-	4,383.19	2,922.07	-	-
	Provision thereon	-	-	-	-	-	-	1,513.33	1,913.50	-	-
3	Upgradations to restructured standard category during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at March 31, 2015 and hence need not be shown as restructured standard advances at April 1, 2015										
	No. of borrowers	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Amount outstanding	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Provision thereon	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
5	Downgradations of restructured accounts during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ended March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts at March 31, 2015										
	No. of borrowers	-	-	-	-	-	-	1	2	-	-
	Amount outstanding	-	-	-	-	-	-	4,383.19	3,129.15	-	-
	Provision thereon	-	-	-	-	-	-	1,513.33	2,120.58	-	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

13. Disclosure pursuant to RBI circular DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10,2014.

13.1 Registration/ licence/ authorization obtained from financial sector regulators:

The Company has received certificate of registration as a non deposit taking NBFC from Reserve Bank of India wide dated August 9, 2011 having COR number N-01.00500 in lieu of earlier COR number B-13.01163 dated February 12, 1999.

13.2 Penalties levied if any during the year:

Nil

13.3 Investments

		(Rs.in Crores)	
	Particulars	Current Year	Previous Year
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	40.69	203.99
	(b) Outside India,	-	-
	(ii) Provisions for Depreciation		
	(a) In India	0.74	0.46
	(b) Outside India,	-	-
	(iii) Net Value of Investments		
	(a) In India	39.95	203.53
	(b) Outside India,	-	-
(2)	Movement of provisions held towards depreciation on investments.		
	(i) Opening balance	0.46	-
	(ii) Add : Provisions made during the year	0.28	0.46
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	0.74	0.46



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

13.4 Provisions and Contingencies

(Rs.in Crores)		
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment	0.28	0.46
Provision towards Non Performing Assets	46.01	45.17
Provision made towards Income tax	155.10	140.10
Other Provision and Contingencies (with details)		
- Bad debts/Advances Written off	30.17	7.94
- Provision for Doubtful Debts written back	(30.19)	(8.09)
- Provision for diminution in Current Investment written back	(0.35)	(1.46)
- Change in Carrying Value of Current Investment	2.22	0.35
- Provision for diminution on account of restructuring	0.00	1.92
- General Contingency Provision	1.53	13.03
Provision for Standard Assets	14.21	8.33

13.5 Concentration of Advances

(Rs.in Crores)	
Particulars	As on March 31, 2015
Total Advances to twenty largest borrowers	3,367.28
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	19.71%

13.6 Concentration of Exposures

(Rs.in Crores)	
Particulars	As on March 31, 2015
Total Exposure to twenty largest borrowers / customers*	3,367.28
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	19.71%

* The above calculation is as per loans outstanding as at year end.



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

13.7 Concentration of NPAs

(Rs.in Crores)	
Particulars	As on March 31, 2015
Total Exposure to top four NPA accounts	104.12

13.8 Sector-wise NPAs

Sr No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	100.00%
2	MSME	0.00%
3	Corporate borrowers	0.84%
4	Services	1.05%
2	Unsecured working capital loans	0.00%
3	Auto loans	0.00%
4	Other personal loans	0.88%

13.9 Movement of NPAs

(Rs.in Crores)		Current Year	Previous Year
Particulars			
(i)	Net NPAs to Net Advances (%)	0.46	0.78
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	147.11	85.04
	(b) Additions during the year	51.97	83.07
	(c) Reductions during the year	46.09	21.00
	(d) Closing balance	152.99	147.11
(iii)	Movement of Net NPAs		
	(a) Opening balance	87.79	62.80
	(b) Additions during the year	5.95	37.90
	(c) Reductions during the year	15.90	12.91
	(d) Closing balance	77.84	87.79
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	59.32	22.24
	(b) Provisions made during the year	46.02	45.17
	(c) Write-off / write-back of excess provisions	30.19	8.09
	(d) Closing balance	75.15	59.32



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued) for the year ended 31st March 2015

13.10 Credit Rating

Instrument	Credit Rating Agency	Current Year	Previous Year
Commercial Paper	ICRA Limited	A1+	A1+
NCD	CARE Limited ICRA Limited India Ratings & Research Pvt Ltd	CARE AA+ [ICRA] AA+ Stable IND AA+ Stable	[CARE] AA+ [ICRA] AA Stable IND AA+ Stable
Sub Debt	CARE Ltd ICRA Ltd India Ratings & Research Pvt Ltd	CARE AA+ [ICRA] AA+ Stable IND AA+ Stable	[CARE] AA+ [ICRA] AA Stable IND AA+ Stable

13.11 Customer Complaints

Sr. No.	Particulars	For the year ended March 31, 2015
(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	39
(c)	No. of complaints redressed during the year	39
(d)	No. of complaints pending at the end of the year	-



Aditya Birla Finance Limited

Notes to the Financial Statements (Continued)

for the year ended 31st March 2015

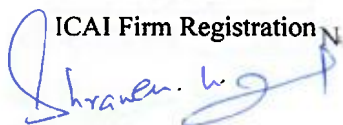
(Currency: Rupees in Lakhs)

14. Previous year/period's figures have been regrouped/ rearranged, wherever considered necessary, to conform with Current year/ period's presentation.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 301003E



per Shrawan Jalan

Partner

Membership No: 102102



Place: Mumbai

Date: 30 April 2015

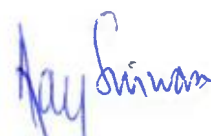
For and on behalf of the Board of Directors of
Aditya Birla Finance Limited



Ajay Srinivasan

(Director)

(DIN – 00121181)



B. N. Puranmalka

(Director)

(DIN – 00007432)



Sachinn Joshi

(Chief Financial Officer)

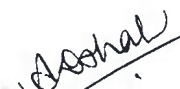
Place: Mumbai

Date: 30 April 2015



Sekhar Mosur

(Manager)



Ankur Shah

(Company Secretary)