Aditya Birla Finance Ltd.

(A subsidiary of Aditya Birla Capital Ltd.)

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

ADITYA BIRLA FINANCE LIMITED

ANNUAL REPORT
2019-20

Aditya Birla Finance Ltd.

(A subsidiary of Aditya Birla Capital Ltd.)

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PROTECTING INVESTING FINANCING ADVISING

ADITYA BIRLA FINANCE LIMITED

Registered Office: Indian Rayon Compound, Veraval,
Dist. Gir Somnath, Gujarat – 362 266
CIN: U65990GJ1991PLC064603

BOARD OF DIRECTORS

Mr. Bishwanath N. Puranmalka	Mr. Ajay Srinivasan
Mr. Darius J. Kakalia	Mr. Ashwani Puri
Mr. Jitender Balakrishnan	Ms. Alka Bharucha
Mr. Baldev Raj Gupta	Mr. Subhash Chandra Bhargava

Mr. Rakesh Singh (appointed as
Managing Director & Chief Executive Officer,
w.e.f July 23, 2019)

KEY MANAGERIAL PERSONNEL

Mr. Rakesh Singh	Managing Director & Chief Executive Officer
Mr. Sanjay Miranka	Chief Financial Officer
Mr. Ankur Shah	Company Secretary

AUDITORS

S R Batliboi & Co. LLP, Mumbai
14th Floor, The Ruby Mills
Senapati Bapat Marg, Dadar (West)
Mumbai 400028
Ph: +91 22 6192 0000
(10 year term expiring on July 9, 2020)

DEBENTURE TRUSTEE

Vistra ITCL (India) Ltd.
Plot C-22, G- Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 052
Ph: +91 22 2653 3333

Management Discussion & Analysis

Overview of global economy

Since Q1 CY19, quarter after quarter global economic activity began losing pace. Advanced economies as well as emerging market economies faced decelerating industrial activity, reflecting slowdown in external demand on account of rising geo-political tensions and slackening internal demand on account of weak consumer confidence.

To mitigate concerns about growth, major central banks, supported by benign inflation levels, triggered widespread monetary policy easing from early 2019 resulting in softening of Bond yields, across advanced and emerging market economies.

Crude prices continued to be volatile since early CY19, reflecting evolving demand-supply conditions, weakening global demand and geo-political concerns. However, production cut disagreements among key oil producers set off retaliatory supply scale-ups and a price war that led to international Brent crude prices plunging to a low of US$ 25 per barrel on March 18, 2020. Later, Crude oil prices firmed up modestly as oil producing countries agreed to cut production and prospects for revival in demand improved on expectations of imminent easing of lockdowns.

Just as the global economy was skirting the rough patch and starting to show some signs of recovery, the outbreak of Covid-19 hit the brakes on economic activity. Beginning with China, output contractions were felt around the world. This pandemic outbreak has already brought considerable human suffering and major economic disruption and we know a lot of its effects will be felt in FY21.

As countries impose social distancing and lockdowns to contain the spread of this virus, global economic activity has come to a near standstill. The Global economy is projected to contract sharply by 3% in CY20 by IMF. Assuming that the pandemic reduces its intensity in H2 of 2020 and containment efforts can be gradually unwound, IMF projects global economy to grow by 5.8 percent in CY21 as economic activity normalizes, helped by policy support.

Overview of Indian Economy: FY20 and FY21
FY2020 – Pre pandemic

The fiscal year 2020 was marked by recovering growth, supported primarily by private consumption and Government consumption. Gross fixed capital formation however was a cause for concern as contraction was observed in 2QFY20 and 3QFY20. Real GDP growth for 1QFY20 was at 5.6%, 2QFY20 at 5.1% and 3QFY20 at 4.7%. Government consumption expenditure increased to double digits in 2Q and 3QFY20 also as private consumption picked up in 3Q led by festive demand. However, contraction in investment rate measured by gross fixed capital formation for 2 consecutive quarters caused disappointment. It had contracted by (-)4.1% in 2QFY20 and (-)5.2% in 3QFY20.

Agricultural growth improved from 2.8% in 1QFY20 to 3.5% in 3QFY20. Services growth also was near 7% in all three quarters. Within services, government spending support aided as spend on public administration, defense and other services were in momentum progressively through the quarters. Industrial activity however declined towards 0.1% growth in 3QFY20 from 0.8% in 2QFY20 and 3.8% in 1QFY20. Manufacturing and electricity segments showed contraction as well as construction activity led by slump in real estate sector, the impetus declined progressively over the quarters.

IIP numbers were largely in positive territory from April 2019 till Feb 2020 prints. IIP data is released with a lag of one month. Barring August, September and October 2019 IIP was marching along at a positive clip. CPI although marched upwards from 2.99% in April 2019 towards 7.59% in Jan 2020 forward expectations of lower numbers kept an anchor. Transitory food items inflation was largely responsible for the hike as core inflation continued downward trajectory from 4.6% towards 4% and lower.

FY 2020 – Post pandemic

India had imposed lockdown from March 23, 2020. The fiscal year was about to end but concerns for safety of citizens took centerstage. Data collection for items in CPI basket was suspended from March 19, 2020 as post lockdown mobility suffered. March CPI number was released with some assessments at 5.91% revised 5.84%. April CPI number was not released due to data collection challenges, though in the food basket prices pressures were visible through the limited data release.

Devil was hiding in March IIP numbers though which plunged to (-)16.7% far exceeding all estimates. Sharp fall in manufacturing momentum led by motor vehicles, electronics, computer products, chemicals. Not a single sector registered positive manufacturing growth in March even though lockdown had been imposed only from March 23, 2020. Electricity growth contracted while mining growth registered flat.

Given above scenario GDP growth for FY2020 will likely be revised downwards from earlier estimates of 5%.

Industry structure and developments

NBFCs play an important role in the Indian financial system, complementing banks by leveraging on their nimble operations, speed and customized products offerings. Their role in promoting financial inclusion and catering to the needs of SME, MSME and Retail segments gives an additional dimension to their importance in the system.

Although the NBFC sector grew by 18% y-o-y from Rs 26.2 lakh crore in FY18 to Rs 30.9 lakh crore in FY19, the pace of expansion was lower due to sectoral issues in the aftermath of the IL&FS crisis. In the half year till September 2019, NBFC sectors' total assets grew at a much lower rate of 5.6% due to a sharp drop in credit demand.

As NBFCs continue to expand their role in the financial system, regulations relating to governing them are being increasingly harmonized with those of banks to establish the right balance for financial stability while encouraging them to focus and grow in areas that they are best placed to grow.

During the last one year, over and above the policy rate cuts, RBI has taken several measures to facilitate credit flow to the sector. These measures were further intensified and augmented to support the economy in the wake of COVID-19. In the wake of global pandemic of COVID-19, RBI further intensified its efforts to support economy through measures other than policy rate cuts since mid-March 2020. The steps taken since April 2019 are as follows:

1. Minimum holding period for assets to be securitized reduced to 6 months from 12 months
2. Partial credit enhancement to Public Sector Banks for acquiring highly rated pooled assets of financially sound NBFCs/HFCs.
3. Increased limit for bank's exposure to single NBFC to 20% of Tier-I capital of the bank.
4. Permitted banks' lending to NBFCs (other than MFIs) for on-lending to Agriculture, MSME and housing sector to be classified as priority sector lending.
5. For NBFC-MFIs, RBI increased household income limit for borrowers as well lending limit per eligible borrower.

6. In order to give push to NBFC-P2P platforms, aggregate exposure of a lender to all borrowers at any point of time, across all P2P platforms, increased to a cap of Rs 50 lakh.
7. Extended one-time restructuring scheme for MSME advances that were in default as on Jan 1, 2019.
8. Permitted all banks / lending institutions to offer 6-months moratorium on payment of instalment on all term loans as well as allowed deferment of 6 months on payment of interest on Working capital facilities.
9. Allowed moratorium period to be excluded, wherever granted, from the number of days past due for the purpose of staging of Standard assets as on 29th Feb 2020
10. RBI introduced Target LTRO 2.0 for small & mid-sized corporates and NBFCs, while ensuring that liquidity flows to MFIs and smaller NBFCs

Opportunities and Threats for the Company

Opportunities

- Under-penetration of financial services / products in India, opportunity to expand to new tier 3 and tier 4 markets
- Leverage strong relationships with existing customer base for continued lending business, and other cross-sell opportunities
- Use of Artificial Intelligence and Machine Learning for scorecard-driven Retail credit assessment
- Having well-diversified book, products catering to all customer segments (Retail, MSME, SMEs and Corporate customers) and across a wide range of collateral provides an opportunity for broad-based growth across customer segments
- Leveraging the Emergency Credit Line Guarantee Scheme (ECLGS) to extend additional credit to MSME segment
- Well-matched ALM with a diversified borrowing mix, “AAA” rating and ample liquidity enabling to take leverage of growth opportunities
- Brand strength of the Aditya Birla Group
- Introduction of an array of new products in MSME and Retail to meet the varied requirements of customers
- Strengthen the Technology adoption with unified Loan Management System (LMS), extension of Loan Origination System (LOS) across the products
- Cost save through “Zero-Base” planning, 25 to 30% Work From Home (WFH) and further virializing of costs

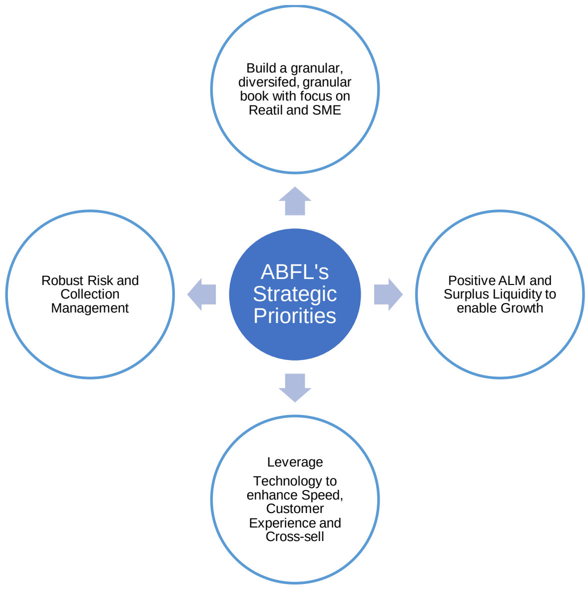
Threats

- Impact of COVID-19 and subsequent lockdown on portfolio credit quality and consumer sentiment, leading to deferment of consumption
- Aggressive competition from PSU banks coming out of PCA as well as private sector banks, specially on pricing

Business Overview and Performance

Headquartered in Mumbai, Aditya Birla Finance Limited (“the Company / ABFL”) offers end-to-end lending and wealth management solutions to a diverse set of customers.

With the continued slowdown in the economy and weakening systemic credit demand during FY20, ABFL focused on its strategic priorities:



- **Build a diversified granular book with focus on Retail and SME Segments:** With the objective of expanding its reach geographically, ABFL has completed deeper penetration across Retail and SME products into existing locations. Now, it intends to expand into Tier 3 and Tier 4 geographies with lean branch model. ABFL continued to grow existing alliances and build new partnerships for retail customer acquisition. ABFL also implemented programs for cross-sell of loans and wealth products across its lines of business leveraging the broader ABG ecosystem.

- **Leverage Technology to enhance Speed, Customer experience and Cross-sell:** ABFL continued with its investment in technology to improve customer, distributor and employee experience, along with improving operational and cost efficiencies. A few initiatives taken by the Company during the year are as under:
  - Digital Loan Origination system for lending business with end to end digitization is launched and operational for Retail and MSME loans
  - One-LMS (Loan Management System) for increased operational and regulatory reporting efficiencies
  - Launched Video KYC, online validations and AI based OCR to scale up customer acquisition
  - ML based Retail Risk model for risk-based pricing; early fraud detection; payment behaviour prediction
  - Hybrid Cloud strategy with private (onsite) & public cloud for scalability, cost efficiency & resilience
  - Mobile app for employee services & learning interventions
  - AI voice-bot calling and digital self-service platforms for customers launched and fully operational

- **Positive ALM and Surplus Liquidity to enable Growth:** Throughout the last two years of liquidity crisis and volatile debt market scenario, ABFL ensured positive ALM and surplus liquidity to ensure timely loan repayments and support the business growth. It intends to continue to ensure the same for uninterrupted growth in its business. The Company also maintains adequate liquidity through a mix of investment in liquid MF and free bank lines. The Company carries out periodic stress testing on the cash flow position to determine the liquidity buffer and plan for additional lines. The Company continues to focus on liquidity through diversification. Bringing in new investors / lenders helps in widening the pool of funds that the Company can tap into. A wider range of investors does away with dependency on few players for funds, helps in price discovery and also reducing the overall cost of borrowing. Last year, the Company did the first foreign currency borrowing and in the process, added 5 new banks and raised USD 205 Mn. These loans, on a fully hedged basis, were 25-50 bps lower than the then current domestic borrowing.

- **Robust Risk and Collection Management / Risks and concerns**

  The Company's risk philosophy involves developing and maintaining a strong credit-quality 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.

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

  For credit risk assessment, specific policies and processes are in place, separately for each segment we operate in. Management of credit risk is carried out through credit policy definition, 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 respective approval limits.

  A robust collection infrastructure is core to ABFL's lending business. It has strengthened the collection capabilities by setting up dedicated collection teams for specific segments

This year ABFL was a part of the Aditya Birla Bizlabs Fintech program to fuel innovation through collaboration with start-ups. This has helped the Company's efforts towards executing its strategic priorities by partnering with start-ups.

To execute its strategies, ABFL continues to increase its presence, physically and digitally. It has increased its geographic presence from 57 branches in FY19 to 68 branches in India as on March 31, 2020. Majority of these new lean branches were opened in smaller cities to tap into Retail and SME segments in new markets. Moving ahead, ABFL plans to expand to 150-200 locations in next 2 years. The pandemic has shifted the implementation of ABFL's branch expansion plan to H2 FY21.

The Company caters to the following diverse set of customers:

- Retail
- SME
- HNI
- Large / Mid Corporates

ABFL continues to primarily focus on cash flow-based underwriting. The secured loan book is at ~80% of total book as on March 31, 2020. ABFL believes that diversification is a key method of risk mitigation. Its exposures are diversified across sectors, customer segments and products. The loan book of your Company was at Rs 47,057 Crore as on March 31, 2020. It has right sized its Corporate, Loan against Shares and Construction Finance portfolios and is now ready to add granular book in these segments. The decline in these segments was offset by growth in Retail, MSME and SME segments.

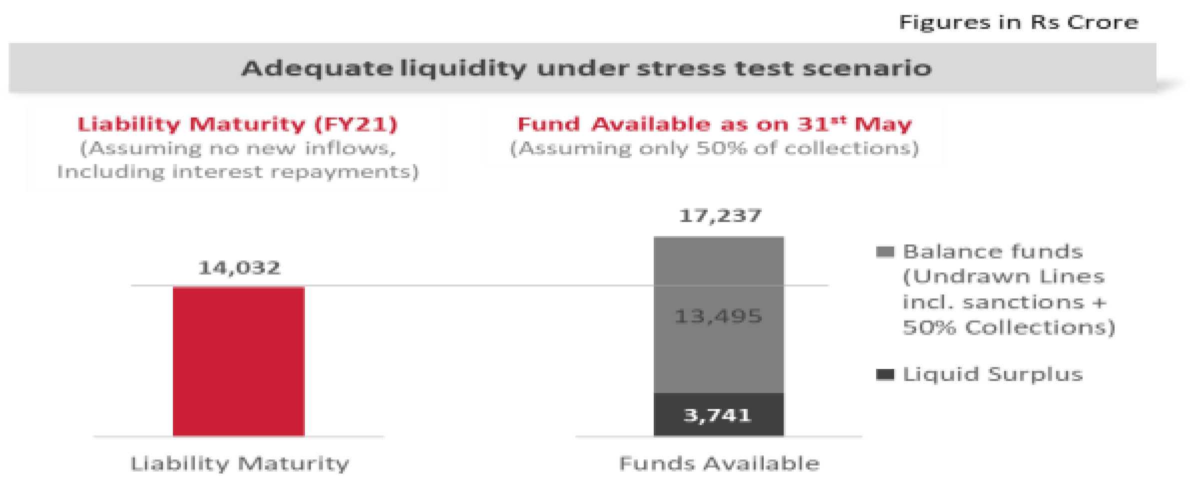
As the unprecedented situation created by COVID-19 necessitated social distancing, restriction on movement of people and non-essential services, your Company triggered its Business Continuity Plan (BCP) framework a week before the Lockdown in the March 2020. Our BCP framework's core objective is to ensure safety of our employees and support staff, making all resources and guidance available to them, thereby enabling ABFL to meet requirements of its customers within the regulatory framework. In a matter of a few days of the decision to activate the BCP in mid-March, necessary infrastructure arrangements (1,000+ VPN licenses, laptops, increased bandwidth, enhanced cyber security measures, etc.) were made available to enable 'Work from home'. IT infrastructure of all critical personnel was tested to ensure continuity of Business and Support function processes at peak volumes, without dilution of internal controls.

In fact, even before Janta curfew was announced by the Hon. Prime Minister, your Company had successfully conducted a full testing of the plan at a company-wide level. This was then extended into the lockdown period.

As a financial services business, your Company has a host of obligations to customers, regulators and other stakeholders. Even during these times, your Company continued to fulfil all its statutory and liability obligations, in terms of payments and various filings, well within prescribed timelines. The Company met its on-going financial obligations without availing any benefit of the moratorium, which nonetheless, was extended to its customers, as needed.

Your company continued to communicate with its employees, customers and distributors through various channels through the lockdown. Customers were informed and encouraged to use digital self-servicing platforms. Employees were communicated about the proactive measures taken by the company to ensure their well-being and support.

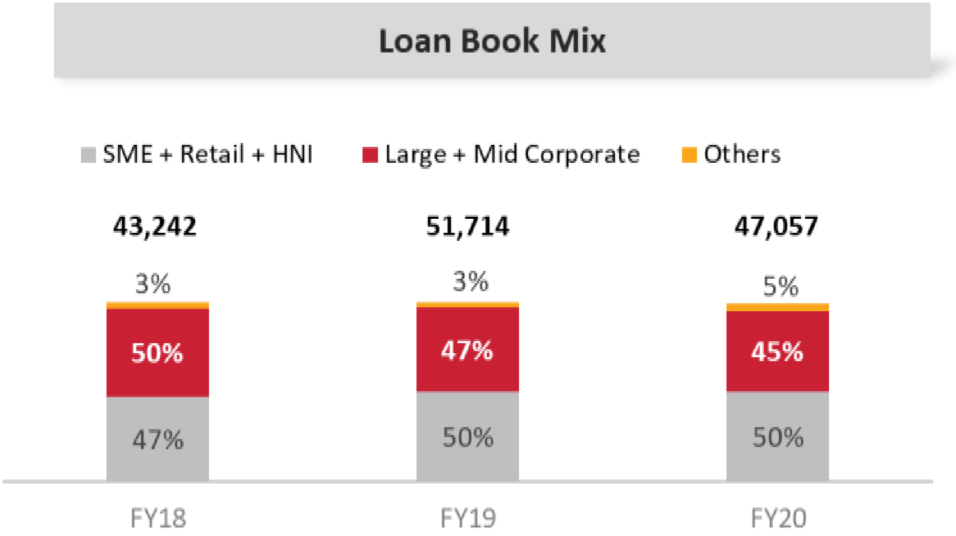
Adequate liquidity is maintained to comfortably steer the Company through such unprecedented times.



FY20 was a slowdown year for the lending industry. Bank credit and NBFC AUM growth in FY20 were the lowest in more than a decade. Further, in Mar-20, with the lockdown, the domestic economic activity came to a standstill, except for essential goods and services. This adversely impacted the business during the crucial period of the last fortnight of March 2020.

With the deliberate strategic re-sizing of the exposure to the Corporate , Loan Against Shares (LAS) and Construction Finance and the unprecedented lockdown scenario in the last month of the fiscal year, the overall loan portfolio of the Company fell y-o-y by 9% from Rs 51,714 Crore in FY19 to Rs 47,057 Crore in FY20. With substantial market volatility, particularly in Mar-20, the Wealth management business assets under advice (AuA) declined to Rs 13,719 Crore.

ABFL continues its focus on diversification across customers and product categories with a focus on MSME and Retail lending. Diversification of our customer segments has a significant benefit as it allows us to pick and choose segments that work on a risk-return basis. The Retail, SME and HNI segments grew to ~50% of the portfolio over the last two years.



Customer segment wise portfolio details as compared to previous year is given below:

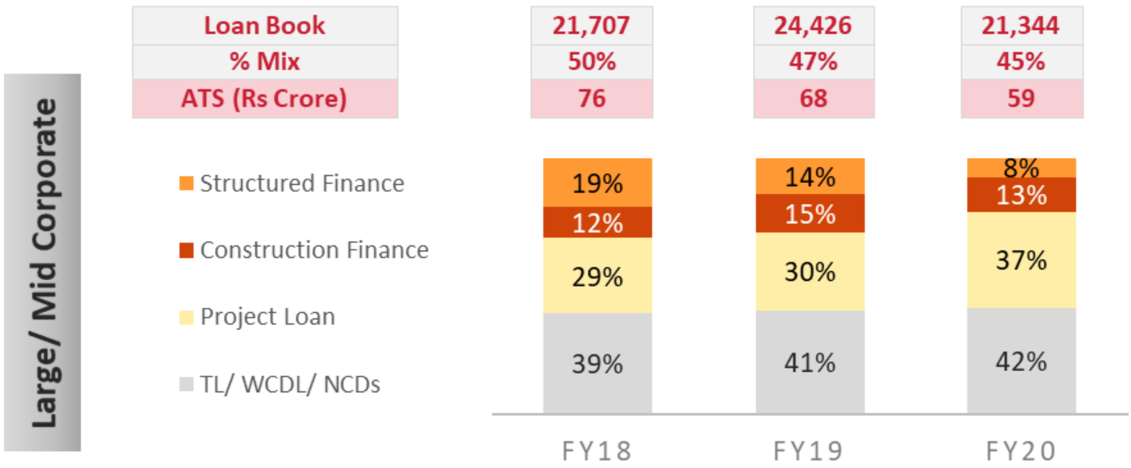
(Rs in Crore)

Customer Segment	March 2020	March 2019	%
Large / Mid Corporate	21,344	24,425	(13)%
Retail	8,838	6,916	28%
SME	12,778	13,771	(7)%
HNI & Others	4,098	6,602	(38)%
Total Lending Book	**47,057**	**51,714**	(9)%
Wealth management (AuA)	13,719	15,859	(13)%

i) <u>Large / Mid Corporates Segment:</u>

ABFL serves corporates across sectors such as Renewable Energy, Roads and Transport, Pharmaceuticals, FMCG, Automotive, Education, Specialty Chemicals etc. It caters to these segment with term loans, project finance, as well as customized products such as structured finance. Mid-corporate clients seek customized solutions to meet their long-term working capital requirements, short-term business loans, acquisition finance and other fund requirements, apart from the conventional balance sheet loans. In select markets, it also provides construction finance to builders. ABFL helps the corporate clients' treasuries by offering third party investment products such as mutual funds, commercial papers, NCDs and alternate assets through its wealth management services. Through its dedicated DCM desk, ABFL offers innovative structures and syndication services to its corporate clients. The project loan financing segment funds projects with ring fenced cash flows. In the project loan portfolio, ~96% of exposures have direct recourse to cash flows from operational projects and balance 4% projects have recourse to pedigreed sponsors. In the structured finance portfolio, our loans are typically structured with recourse to cash flows of the obligor and sponsor entities with adequate security coverage. In construction finance, ABFL deals with top category developer borrowers having a significant track record.

The portfolio base for this segment was at Rs 24,426 Crore at the beginning of the year. With a conscious strategic reduction of Rs 3,082 Crore of assets, it closed the year at Rs 21,344 Crore, thereby registering 13% degrowth in FY20. The average ticket size of the loans was strategically lowered to Rs 59 crore/customer from Rs 68 crore in FY19. Large and mid-sized corporate portfolio constitutes 45% of the overall book in FY20, reduction from 47% in FY19. This is in line with the Company’s objective to diversify and improve granularity of its loan book. We continue to see opportunities in this space but believe that this segment will grow slower than the others.

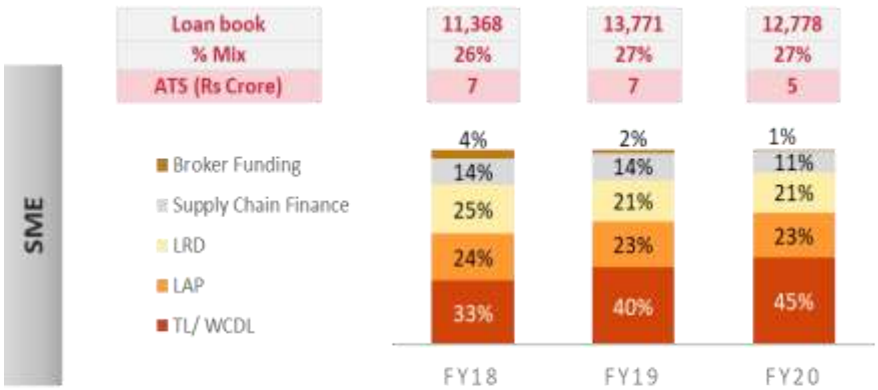


ii) SME Segment:

ABFL caters to the needs of this segment by financing their requirements through solutions like term loans and LAP. ABFL also caters to demand arising out of working capital requirements through its solutions like vendor financing and channel financing. ABFL offers products like Lease rental discounting (LRD) to enable clients to finance business expansion and asset creation by monetizing and unlocking value of their property with rent from lessees becoming the source of repayment.

With the Indian economy expected to emerge as one of the leading economies in the world, major impetus is being given to the SME sector which acts as the backbone of the Indian economy. ABFL reaches out to this segment through relationship managers to meet their financing needs.

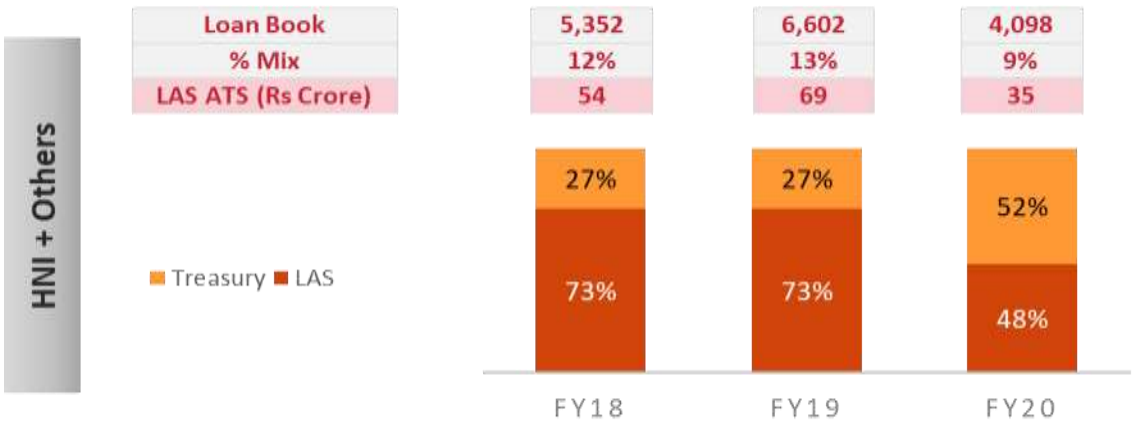
This segment registered a slight decline of 7% to achieve a closing portfolio of Rs 12,778 Crore as on March 31, 2020 from Rs 13,771 Crore as on March 31, 2019. This was in line with the strategy to increase granularity of this portfolio. Our overall average ticket size for the SME book has further reduced to ~Rs 5 Crore from Rs 7 Crore in the previous year. Overall, this segment contributed a consistent 27% to total loan book of the Company as on March 31, 2020.



iii) HNI & Others:

This segment caters to ultra-high net worth individuals including promoters of companies. ABFL offers funding against financial securities to meet HNI's needs to expand and grow by starting new operations, entering new markets and introducing new products or increasing stake in their companies through warrants conversion, subscribing to rights issues, equity infusion in other businesses etc. Company provides solutions in the form of LAS, IPO financing etc. to allow this segment to raise funds quickly against security of shares, mutual fund units, bonds, or a combination thereof.

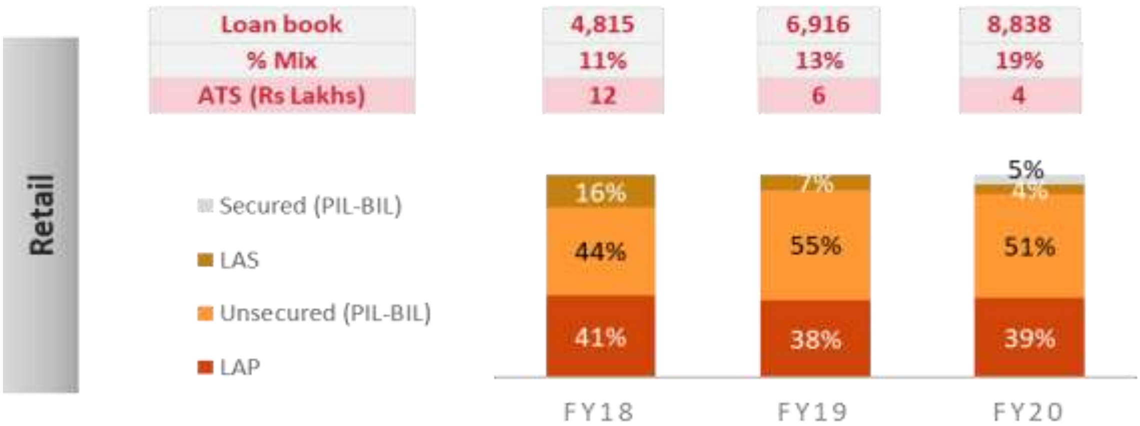
Due to the volatility in the capital markets and some conscious downsizing, this segment's book reduced by 38% during the year to reach Rs 4,098 Crore as on March 31, 2020 from Rs 6,602 Crore as on March 31, 2019. This segment contributed 9% to total loan book of the Company as on March 31, 2020. The average ticket size of the LAS product was strategically reduced almost 50% to Rs 35 Crore in FY20 from Rs 69 Crore in the previous year.



iv) Retail Segment:

ABFL caters to retail / small business owners / micro enterprise segments to fulfil their business, personal and investment needs of customers and to help them meet their expansion plans, asset acquisition and other contingencies. It has built an entire spectrum of lending, financing and wealth management solutions including (i) loans against property ("LAP"), (ii) unsecured personal loans, (iii) unsecured business loans, (iv) small ticket secured and unsecured loans (v) loan against securities ("LAS") which can be availed against marketable securities and (vi) ESOP financing to employees of listed corporates with flexible repayment options. ABFL also offers wealth management solutions to such customers through distribution of third-party products.

In the small ticket retail space, ABFL launched 3 products, small ticket secured loans and small ticket unsecured loans catering to the lending needs of small traders, shop owners and other self-employed segments with or without collateral, respectively and EMI Solutions for Travel, Healthcare and Education to salaried and self-employed individuals. The Company has created a unique online financing platform with lead acquisition, assessment and servicing performed through an all-digital route. This platform, called ABFLDirect.com, caters to demand from micro businesses and retail customers. Digital Lending has further enhanced ABFL's capability to offer unique lending solutions to customers of strategic alliance partners. Keeping up with the rapidly evolving digital solutions, the Company has been able to create a vast range of lending offerings for its partner platforms and their captive customer base. It has developed a plug-and-play ecosystem which allows faster integration across partner journeys with improved customer experience, significant cost savings, consistency in the credit approval process and real-time loan disbursals. This offering not only provides an extended outreach but an opportunity to assess and service customers using alternate data and machine learning models.



This segment in line with your Company's focus on moving to a granular loan book grew strongly throughout the year with growth rate of 28%, to close the year with a book of Rs 8,838 Crore, up from Rs 6,916 Crore as on March 31, 2019. This segment's contribution expanded to 19% in FY20 from 13% in FY19. In the retail book, our average ticket size is about Rs 4 Lakh down from Rs 6 Lakh in FY19.

Wealth management

The wealth management division of the Company operates through 3 business segments:

- **Wealth Management**
  Wealth Management segment (WMS) caters to the requirements of Individual HNI's and UHNI's and aims to provide customized investment options to meet their long-term goals.

- **Business Partner Group**
  The Business Partner Group (BPG) caters to the IFA's and Channel Partners who work as agents for the organization to sell and advise on 3rd party financial products. Business partners work to boost sales, decrease time to market and provide access to markets without the infrastructure cost.

- **Corporate and Treasury Services**
  The Corporate and Treasury Services (CTS) caters to the requirements of SMEs, Mid and Large Corporates and aims to provide customized Investment solutions to meet their short and long term investment requirements. This business works to develop and

execute investment solutions for the diverse corporate client base through our research and advisory.

As a result of the external environment and specifically the volatility in Mar-20, the AuA under Wealth Management has degrown at a rate of 13% from Rs 15,859 Crore as on March 31, 2019 to Rs 13,719 Crore as on March 31, 2020. This is in line with the equity markets fall in the same period.

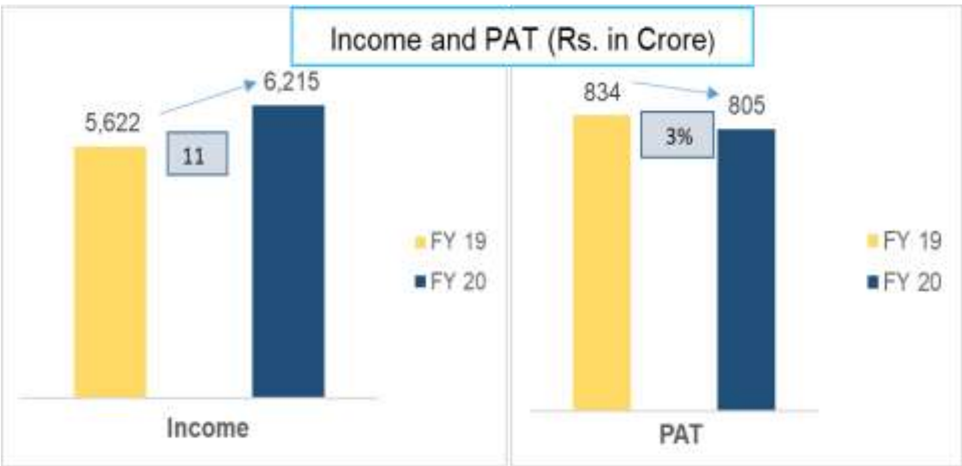
The Company at its Board Meeting held on September 10, 2019, had finalized the acquisition of the consumer businesses (Transaction businesses) of Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited), which was made effective from January 1, 2020. These businesses are direct to customer and include a technology-based platform that aids transactions across Mutual Funds, Insurance solutions (on the Group platform) and various loan products, with partnerships across multiple banks, lending institutions, AMCs, etc. There are significant potential synergies for these tech offerings with the existing channels of Wealth Management especially the Business Partner Group, which caters to retail customers across the country. The tech platform makes the acquisition, fulfilment, engagement & cross sell to the retail clients easier and more seamless, more financially viable and very scalable; and is in line with our intent to provide unbiased offerings for clients across financial service products.

Financial Performance

ABFL has consistently increased margins year-on-year. The year witnessed a growth in the Net Interest Income (incl. fee income) for the first three quarters on YoY basis. Specifically in FY20, ABFL's net interest margin[1] expanded by 38 bps to 5.29%, through repricing and margin improvement measures driven by product mix changes throughout the year. This reflects the increased proportion of higher margin segments in the portfolio and also the result of cost to income ratio reduction by 227 bps to 32.06% in FY 20. Margin expansion also reflects the ability to pass on the increased cost of borrowings.

1 NIM including fees

During the year under review, revenues of the Company grew by 11% to Rs 6,215 Crore, driven by the change in product mix and better pricing. ABFL's EBT declined by 19% to Rs 1,053 Crore from Rs 1,293 Crore, principally on account of higher Covid 19 related ECL provisions and strategic reduction in the loan book. Net profit after tax fell marginally by 3% from Rs 834 Crore to Rs 805 Crore.

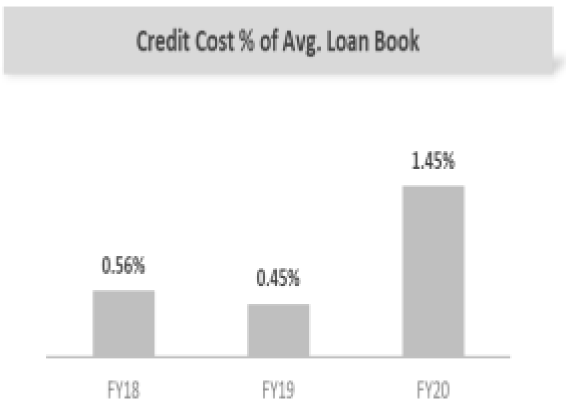


KEY FINANCIALS (Rs in Crore)

Key Performance Parameters	FY 19	FY 20
Lending Book	51,714	47,057
Average Yield	11.93%	12.42%
Core Cost of Funds /Avg. Lending Book	7.02%	7.13%
Net Interest Margin (incl. Fee Income)	4.91%	5.29%
Cost to Income Ratio	34.33%	32.06%
Opex/ Avg. Lending book	1.73%	1.72%
Credit Cost % of Avg. Lending Book	0.45%	1.45%
Profit Before Tax	1,293	1,053
Profit After Tax	834	805
Net Worth	7,287	8,078

The credit cost % increased due to enhanced ECL provision on stage 3 assets and a 20 bps Covid provision of Loan book as on March 31, 2020, considering Loss given Default / Probability of Default assumptions based on extensive stress-testing.

The credit cost of the Company rose significantly due to Covid related provisions coupled with deceleration in domestic economic activity in FY20. Additional Covid provision of Rs 90 Crore (overall 20 bps of loan book considering LGD/PD assumptions based on extensive stress testing) along with Stage 3 enhanced ECL provision of Rs 73 Crore, resulted in aggregate provisions of Rs 163 Crore in FY20.



STAGE-WISE ASSETS AND ECL PROVISIONING (%)

	FY19			FY20		
	Stage 1 & 2	**Stage 3**		**Stage 1 & 2**	**Stage 3**	
Loan Book	**49,947**	**752**		**45,360**	**1,697**	
% of Loan Book (Gross)	**98.51%**	**IL&FS**	**Ex-IL&FS**	**96.39%**	**IL&FS**	**Ex-IL&FS**
		0.46%	**2.26%**		**0.47%**	**3.15%**
ECL Provision	198	313		316	566	
Provision Coverage	**0.40%**	**41.6%**		**0.70%**	**33.3%**	
% of Loan Book (Net)		0.87%			2.40 %	

The Stage 3 credit loss differs between secured and unsecured loans as 'loss given default' (as a proportion of total exposure) in the case of unsecured loans is generally higher than that experienced in secured loans.

The largely secured book provided an additional safety layer in such uncertain times, despite an increase in the ECL provisions. Approximately 80% of ABFL's portfolio is secured as of Mar-20, with an average security cover >1.5x. An additional 4% of the portfolio is guaranteed under the CGTSME (SIDBI).

Capital Adequacy Ratio (CAR)

As on March 31, 2020 the Capital Adequacy Ratio for the Company was 19.08% (previous year 17.45%) against a minimum of 15% as required by RBI. The Tier I capital of the Company was 15.15% (previous year 14.33%) and Tier II capital was 3.94% (previous year 3.13%).

The Net worth of the Company as at March 31, 2020 was Rs 8,078 Crore as against Rs 7,287 Crore in the previous year. Total borrowing outstanding at amortized cost as at March 31, 2020 was Rs 43,409 Crore (previous year Rs 44,360 Crore). The Company has not raised any fixed deposits from the public.

Covid – 19 impact and Way forward

The Lockdown triggered by the pandemic will have a near-term impact on collections and disbursements of non-banking financial companies (NBFCs). The extent of this impact will depend on four factors: asset class, income source of the customer, level of fieldwork in operations, and proportion of cash collections.

Clients from the Covid affected industries may experience slow down, in turn impacting asset quality in the near term. The quantum and severity of the impact for the NBFC industry will be clear in the coming quarters, once the Moratorium is lifted. Specifically for ABFL, since most of the assets are adequately covered by collateral security, we expect the impact to be mitigated to a large extent.

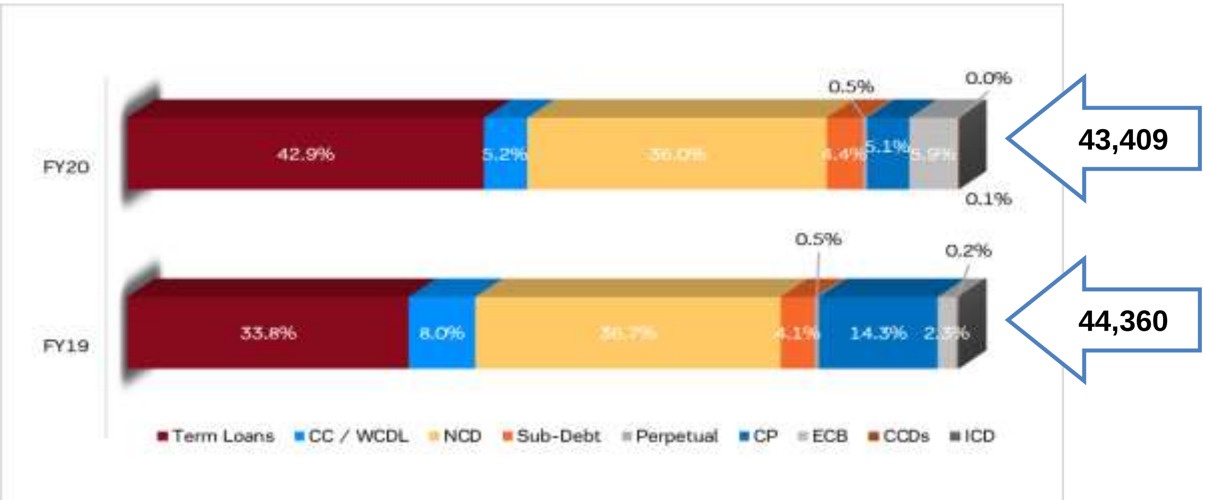
The Company recognizes the need to make reasonable estimation of the impact of this pandemic on the repayment ability of its borrowers, and make additional provisions as considered appropriate, over and above the extant provisions, for expected credit losses. The Company has segmented its portfolio basis various parameters to ascertain the impact of Covid-19 and basis its estimates, assumptions and judgements arrived at the additional provisions which is provided for in its financial results. Given the uncertainty over the potential macro-economic condition, the impact of the COVID-19 may be different from that expected as on the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

As a way forward, the Company will leverage the Emergency Credit Line Guarantee Scheme (100% Credit Guarantee from NCGTCL) for top-up loans to existing Retail and SME clients and the CGTMSE (SIDBI) Program for new unsecured loans to retail MSME customers. The Company will also target Retail secured loans, high quality salaried personal loans, Top-ups to supply chain/ SME clients and cross sell (loans/ third party products) to existing customers within Aditya Birla Capital/ Aditya Birla Group ecosystems.

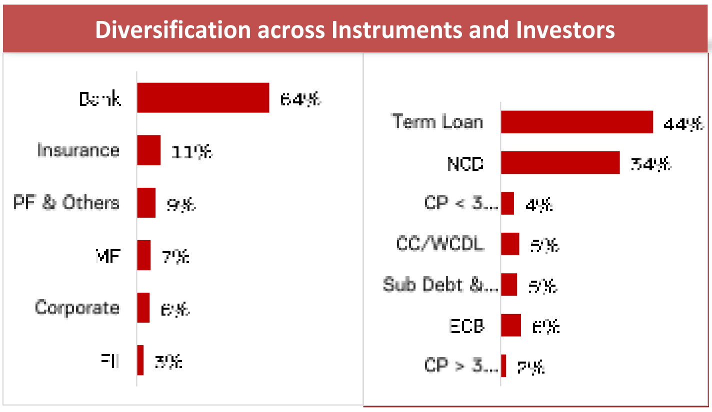
Implementation of Branch expansion in tier II-IV markets will be initiated in H2FY21, post assessment of the macro-economic scenario. Cost efficiency targets of 8 – 9% for annualised costs savings by opex rationalisation are planned through rent renegotiations and reduction of administrative costs, reassessment of all outsourced costs and leveraging technology to save costs on travel and other discretionary spends. The Company will continue its strong focus on business enablers and will maintain adequate liquidity and well matched ALM profile. Underwriting in selected Corporate & SME sectors will be post evaluation of stressed scenario cash flow of customers while for Retail & MSME, it will be technology enabled with Automated Fraud checks, API based KYC, real-time due diligence, Digital Credit Underwriting scorecards and video PD. While lending to businesses, the time needed for customer's business demand to come back to pre-COVID levels is assessed. The impact of the pandemic and lockdown on the overall viability of the business model is also checked during the risk assessment process. The approach also includes specific assessment of industry sectors, and whether the sector itself is adversely impacted by the lockdown. High degree of automation is introduced in Retail and MSME Collections, for better efficiencies and seamless execution during lockdown. Retail Collections are analytics driven, with dedicated focus on settlements/recoveries across products.

Liability Management - Borrowing Profile

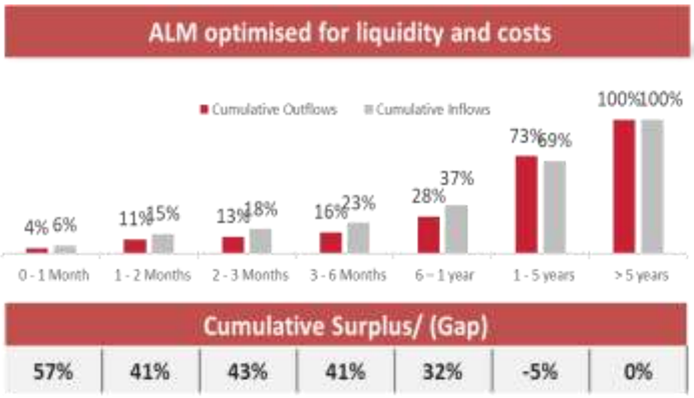
On the liabilities side, your company has a diversified borrowings mix, resulting in a competitive cost of funds. Hence, it has been able to optimise the borrowing cost even in a volatile interest rate environment. During the year, in view of the overall liquidity scenario, your Company focused on long term borrowings and the same is reflected in its borrowing mix as illustrated below:



Diversification



This year your Company raised long term funds through Foreign currency External Commercial Borrowing, thus further diversifying its liability profile with a new source of fund. An aggregate of US$ 205 million was raised through this instrument from five international Banks. Your Company also raised Rs. 700 Crore from Small Industries Development Bank of India against Micro, Small and Medium Enterprises (MSMEs) portfolio. The number of unique investors increased from 597 investors on March 31, 2019 to 670 investors on March 31, 2020. Your Company will continue looking to diversify its borrowing sources.



Liquidity

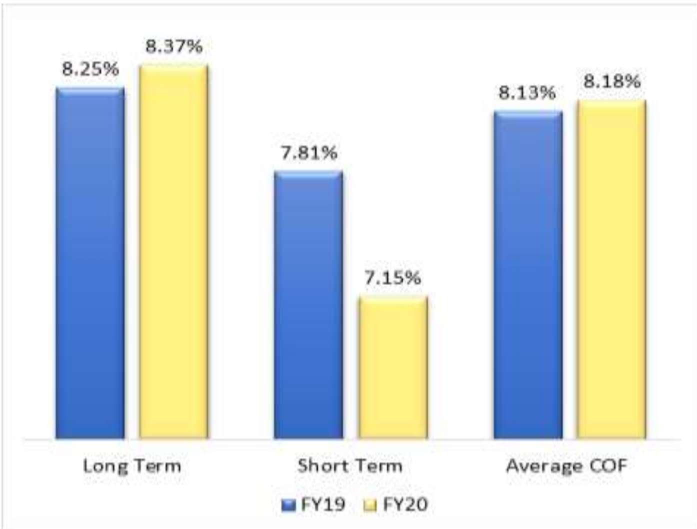
Your Company raised Rs 11,678 Crore of long-term debt, during the year. ABFL's Asset Liability Management (ALM) is optimized for both liquidity and cost. As on March 31, 2020, the Company has cumulative surplus upto a one-year time frame from an ALM perspective. The Company is well placed to meet its future growth requirements.

Rating

ICRA, CARE and India Ratings continue with the AAA long-term debt rating of your Company.

Cost of Debt

Given the liquidity issues, a near freeze in the funding market and volatile interest rate regime, an increase in cost of funds was inevitable. During the year, the average cost of debt of the Company was well managed and increased by 5 bps to 8.18% from 8.13% in the previous year. This was primarily on account of increase in cost of long-term borrowings coupled with change in borrowing mix (higher composition of long-term debt from 72% during FY19 to 85% in FY20).



NBFC Outlook

The NBFC sector will see some impact on both the liabilities side as well as the assets side. On the assets side, the uncertainty caused by the lockdown and pandemic will impact different sectors differently and we will see differential impact on NBFCs based on the segments and sectors in which they operate and the speed with which they restart. On the Liabilities side, access to funds at optimal costs with the optimal ALM will be key and NBFCs will be differently impacted based on how they can manage this.

FY2021 – Way forward and Outlook on domestic growth

Real GDP growth estimates for FY2021 are being estimated in negative numbers due to the 45 day lockdown. It could range from (-)2% to (-)4%. Large part of non-farm activity hubs are in the hotspots and social distancing measures will prolong industrial downtick. Labor availability and could also pose a challenge. Consumption and investment demand was weak going into the pandemic hence immediate recovery could see a challenge.

As consumption is slower and fuel prices on the lower side CPI inflation poses little threat in the current environment. Structural factors and current transient ones will keep inflation under check.

RBI has delivered a series of rate cuts and now reverse repo rate stands at 3.75% while repo rate at 4.40%. Liquidity in the system is ample and support of RBI is visible to financial markets. Interest rates in the current environment are likely to remain on the softer side. Although market borrowing has been increased by Rs.4.2tn for FY2021, market remains hopeful of RBI support moving forward. We expect 10 year Gsec yield to remain in a range of 5.90%-6.30% in the near term and drift lower over medium term.

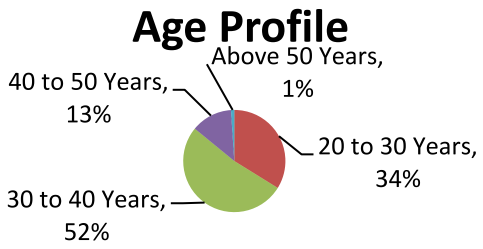
Internal control systems and their adequacy

The Company has adequate internal controls, systems and procedures across all lines of business and support functions, commensurate with the complexity and nature of its business operations. The controls 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’s management functions undergo an independent internal audit basis the scope and calendar approved by the Audit Committee of the Board. The Company’s controls over its business operations are managed effectively by instituting well-defined policies and procedures and adequate supervision and reviews to ensure that the internal control systems are adequate to protect the Company against any loss or misuse of the Company’s assets.

Material development in Human Resources (HR), including number of people employed

As on March 31, 2020 your Company had 2,233 employees. Your Company has cordial relations with its employees and commends their commitment, dedication and competence shown in all aspects of business. With the growing requirements of the Company, the Human Resources team has taken various initiatives to ensure not only the retention of the employees but also their growth and development. The Employee Value Proposition of the Company has been identified as “A WORLD OF OPPORTUNITIES” and is manifested through a structured induction process, robust talent management process and systems and structured training & development programs across all levels along with a thorough rewards and recognition framework to celebrate valued behavior and competencies.

The age profile of the employees of your Company is as under:



Your Company's vision is to be a leader and role model. The Human Resources function ensures that it partners the businesses in realising it. In the process, the Company has created a range of HR Best practices to engage employees better, in the following ways:

Recruitment & Selection – PI (Predictive Index) tool is a pre-recruitment tool that serves as a guide to employee behaviour and is administered to all new recruits. This has been introduced to ensure quality talent intake by evaluating the candidature through psychometric testing.

Induction & On boarding – 'Accelerate' is the Company's on-boarding program that spans 6 months. It was conceptualized and implemented with the aim of introducing a comprehensive process which would not only help employees engage better with the organisation but would also help them align to its strategic objectives, goals and culture. 'Accelerate' engages with new employees at regular intervals to ensure that all their requirements are met and they can be integrated in the organisation quickly. New employees receive a pre-joining mailer, a welcome call and a personalised Welcome Kit. Regular feedback is mandated — at the end of 30, 90 and 180 days. Manager feedback is sought after 120 days, based on which appropriate training is planned for the employee to equip him or her with the right skills to excel at the job. The Accelerate programme focuses on:

- Providing **clarity of job role** right at the beginning, thereby removing ambiguity in terms of goals, expectations and KRAs
- Ensuring **seamless transition** into the Company culture
- Liaising with the Learning and Development team for training needs identified by the feedback process
- **Highlighting critical cases** requiring immediate attention, thereby enabling corrective action to be taken and controlling early attrition

"Prarambh" is the employee induction program. Over the two days of classroom training, new joinees are given a brief overview of the organisation. New joinees are taken through the values and behaviours that drive the organisation.

Training – At ABFL, equal focus is given on building functional and behavioural / leadership capabilities of the employees to meet the organizational & employee needs. Employees are encouraged to own their learning journey through an array of initiatives like MDP, Propel, K-cart, etc.

Management Development Program is a tool that helps employees to chart their own learning needs based on the gaps identified. Propel is a functional competency mapping tool where employees can map the relevant competencies to their roles and the same is reviewed by their managers. ABFL is one of the few organizations to have conceptualized and effectively implemented the functional competency framework. K-cart is the knowledge management portal at ABFL. This platform has been created with a purpose of dissemination of information across all levels.

Evolve – the ABFL Learning Academy is an aggregator of all learning initiatives. All learning interventions planned are collated under EVOLVE. An annual and monthly calendar of training programs, interventions, online modules is circulated to all employees.

Based on the organization's need, focused initiatives like Lead to Succeed, stepping into Leadership and GROW Workshops were launched and delivered across locations to develop managerial effectiveness across levels. TARA was a unique women leadership development initiative with senior women leaders mentoring young women within the organization.

Employee Wellness – A number of key initiatives help our employees achieve a healthy work-life balance – Annual Health Check-up, ABC and ABG Sports day and participation in the Tata Marathon and Pinkathon (for women). To ensure organisational wellness, a Group level initiative called 'ABC Wellness' sends regular communications on Health Tip of the Day to all our employees. The Group also organises regular Health Check-up camps in office.

Talent Management and Leadership Program – Talent management process at ABFL is a structured process. Every year key talent is identified basis performance and potential and are taken through the Leadership Talent Development Program (LTDP). To be future ready, Aditya Birla Capital's Leadership Talent Development Program (LTDP) is striving to build a reservoir of leadership talent. The LTDP intervention readies our internal talent to take on larger leadership roles and, when the opportunity arises, to take over the baton. LTDP cuts across 3 levels (Senior, Middle, Junior management). It has several learning components which include intensive workshops, assessments, coaching and ongoing personal development plans.

With ABFL being on a positive growth trajectory, there is a huge influx of new and young talent. This led to a unique addition to the Talent Management process – identifying emerging talent early on in their career cycle, focus on their holistic development and keep them engaged and 'connected' with the Company.

Talent Councils are conducted at regular intervals to take a closer look at key talent and decisions are taken to move them within business unit or across ABC. Talent councils are conducted at Apex, business and functional levels.

Succession planning is conducted across functions to develop succession plans for critical roles in leadership positions. Time in Role is also monitored closely and detailed discussions on career paths are conducted.

Rewards & Recognition – At your Company, reward and recognition programmes have been instituted to recognise exceptional employee performance. The rewards and recognition platform - UDAAN includes on the spot, quarterly and annual awards. Regular contests are also announced to encourage employees to push their performance levels.

For our sales team, sales incentive plans are communicated at the beginning of the year. Other functions are on a variable pay structure that links to achievements of goals. The variable pay is linked to the achievement of individual, functional and organisation performance.

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.

Board’s Report

Dear Members,

The Board of Directors of Aditya Birla Finance Limited (“your Company” or “the Company” or “ABFL”) is pleased to present the Twenty Ninth Annual Report and the Audited Financial Statements of your Company for the financial year ended March 31, 2020 (“financial year”).

FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Financial Results prepared as per Indian Accounting Standards (IND AS) are as under:

(Rs in Crore)

Particulars	**Year ended 31st March**		**% Change over previous year**
	2020	**2019**	
Total Income	6,215	5,622	11%
Less: Finance cost	3,605	3,288	10%
Net Interest Income	**2,610**	**2,334**	**12%**
Less: Total Operating Expenses	850	834	2%
Pre provision Operating Profit	**1,760**	**1,500**	**17%**
Less: Impairment on financial instruments	707	207	242%
Profit before Tax	1,053	1,293	-19%
Less: Tax expenses	248	459	-46%
Profit after Tax	**805**	**834**	**-3%**
Other comprehensive income (net of tax)	(16)	-	nm
Total comprehensive income (net of tax)	**789**	**834**	**-5%**
Transfer to Special Reserve	164	174	-6%

The above figures are extracted from the Financial Statements prepared in accordance with Indian Accounting Standards (“IND AS”) including the Accounting Standards as notified under Sections 129 and 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The said Accounts of the Company are consolidated with Aditya Birla Capital Limited, the Holding Company.

The detailed Financial Statements as stated above are available on the Company’s website at www.adityabirlafinance.com.

ACCOUNTING METHOD

Implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS)

Reserve Bank of India (RBI) has advised NBFCs to comply with the Indian Accounting Standards (IND AS) for Financial Statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the year ending March 31, 2018. Accordingly, the annual financial statements are prepared as per Indian Accounting Standards.

BUSINESS PERFORMANCE

a) Key Highlights

During the year under review, there was a growth in total income to Rs 6,215 Crore as against Rs 5,622 Crore in the previous year, a 11% increase, with a corresponding increase of 12% in Net Interest Income to Rs 2,610 Crore from Rs 2,334 Crore in the previous year, primarily on account of better interest realizations driven by product mix change and repricing. The total finance costs increased by 10% and the total operating expenses (including employee benefit expenses, depreciation and other expenses, Expected Credit Loss but excluding interest cost) increased to Rs 850 Crore from Rs 834 Crore in the previous year, a 2% increase. The same resulted in an increase of 18% in the Pre provision Operating Profit to Rs 1,760 crore from Rs 1,500 Crore in the previous year. Largely on account of increase in impairment of financial instruments to Rs 707 Crore from Rs. 207 Crore in the previous, the profit before tax decreased by 19% from Rs 1,293 Crore to Rs 1,053 Crore and the profit after tax declined by 3% to Rs 805 Crore from Rs 834 Crore.

b) Business

Your Company offers end-to-end lending, financing and wealth management solutions to Retail, HNI, Ultra HNI, Micro SME, SME and corporate customers as indicated in the table below. The portfolio is well diversified across various customer segments, sectors and products.

Retail / HNI / Business Owner / Micro Enterprises	Ultra HNI	SME	Mid Corporates	Large Corporates
Loan Against Property (LAP)	Loan Against Property (LAP)	Term Loan	Term Loan	Term Loan
Unsecured Personal Loans	Promoter Funding	Working Capital Demand Loan (WCDL)	Working Capital Demand Loan (WCDL)	Structured Finance
Unsecured Business Loans	Loan against Securities (LAS)	Loan against Property (LAP)	Structured Finance	Project Finance
Loan Against Securities (LAS)	IPO Financing	Lease Rental Discounting (LRD)	Construction Finance	Debt syndication
IPO Financing	Debt Syndication	Vendor Financing	Debt Syndication	Debt Capital Market (DCM) Desk
ESOP Financing	Wealth Management	Channel Financing	Debt Capital Market Desk	Treasury Services
Wealth Management		Broker Funding	Treasury Services	Wealth Management
			Wealth Management	

The detailed customer segment wise performance results are provided in the Management Discussion & Analysis report.

c) Portfolio quality

As domestic economic activity and credit demand continued to decelerate in FY20 and with planned strategic reductions in Corporate and LAS segments, your Company had a decline in its loan book. Additionally, during the year, there was an increase in gross Stage 3 loans. ECL Stage 3 book was at Rs 1,697 Crore and Stage 3 Provisions were at Rs 566 Crore (Previous year ECL Stage 3 book was at Rs 752 Crore and Stage 3 Provisions was at Rs 313 Crore).

d) Treasury

Securities Exchange Board of India (SEBI) vide circular dated October 22, 2019, issued a framework for listing of Commercial Papers (CPs). SEBI also simultaneously vide its circular dated October 1, 2019, mandated all fresh investments by mutual fund schemes only in CPs which are listed or to be listed with effect from one month from the date of operationalization of framework for listing of CPs or January 1, 2020, whichever is later.

Your Company filed its Maiden Public issue DRHP with Exchanges and SEBI on December 30, 2019. Your Company became the first Corporate in India to List its Commercial paper (CPs) on the Exchanges (BSE and NSE).

Your Company primarily sources funds through Banks (Term loans and cash credit) and Debt markets (Non-Convertible Debentures (NCDs), Sub-ordinated Debt, perpetual debt and Commercial Paper (CP)). The outstanding debt (amortized) as on March 31, 2020 was Rs 43,409 Crore as compared to Rs 44,360 Crore as on March 31, 2019.

During the year, your Company availed Term Loans of Rs 6,119 Crore from banks. Your Company also conducted its maiden Rupee External Commercial Borrowing and raised funds aggregating to US$ 205 million (Rs 1,464 crores). Further, your Company raised Rs 3,746 Crore through NCDs and Tier II (Sub-ordinated Debt) bonds of Rs 350 Crore which has strengthened its Capital Adequacy. Asset Liability Management is managed optimally and is within the norms stipulated by the RBI.

The credit rating enjoyed by your Company from various rating agencies as on March 31, 2020 is detailed below:

Credit Rating Agency	Instruments	Ratings
India Ratings	Non-Convertible Debentures	AAA
	Principal Protected Market Linked Debentures	AAA emr
	Sub-Debt	AAA
	Public issue of NCDs	AAA
	Perpetual Debt	AA+
	Commercial Paper	A1+
	Fund based limits from Banks	AAA/A1+
ICRA	Non-Convertible Debentures	AAA
	Retail NCD Programme	AAA
	Sub-Debt	AAA
	Public issue of NCDs	AAA
	Perpetual Debt	AA+

	Unsecured NCD	AAA
	Commercial Paper	A1+
	Fund based limits from Banks	AAA/A1+
CARE	Sub-Debt	AAA

MATERIAL EVENTS DURING THE YEAR

Vide a Board resolution passed on September 10, 2019, your Company ("Resolution"), approved the merger of Transactions business of Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited) under the provisions of the Companies Act, 2013 ('Act') read along with the Companies (Comprises, Arrangements and Amalgamations) Rules, 2016 and in accordance with the relevant provisions of the Memorandum of Association and Articles of Association of the Company. The Company had vide application dated September 12, 2019 applied to the Hon'ble National Company Law Tribunal, bench at Ahmedabad (NCLT) inter-alia for the dispensation from holding the meetings of the Equity shareholders, sole preference shareholder, secured creditors (including secured Debenture holders) and unsecured creditors (including unsecured Debenture holders) which approval was granted on September 25, 2019 vide order of the NCLT. The petitions for the Merger were made to NCLT on October 17, 2019 and the order approving the Scheme was delivered on December 12, 2019. Both the companies are wholly owned subsidiaries of Aditya Birla Capital Limited. The Scheme became effective from January 1, 2020. The said Scheme was approved to augment and create synergy with your Company's wealth management business.

HOLDING COMPANY/SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

Holding Company

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company and Aditya Birla Capital Limited continues to be the Holding Company of your Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at Bombay Stock Exchange, National Stock Exchange and Luxembourg Stock Exchange. As per clause 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is considered as a Material Subsidiary Company of Aditya Birla Capital Limited.

Subsidiary Company

Your Company doesn't have any Subsidiary Company.

Joint Venture/Associate Company

Your Company doesn't have any Joint Venture/Associate Company.

TRANSFER TO SPECIAL RESERVE

During the financial year, the Company transferred Rs 164.20 Crore to the Special Reserve in terms of Section 45-IC of the RBI Act.

DIVIDEND

The Board recommends dividend at 8% coupon rate to the holders of Cumulative Preference Shares as final dividend. As the said Preference shares were redeemed on January 30, 2020, the total cash outflow on account of the said dividend will amount to Rs 66.45 Lakh. The said dividend is included in the agenda of the forthcoming annual general meeting. With a view to conserve its resources, the Board does not recommend any dividend on the Equity shares (NIL in previous year).

There were no sums liable to be transferred to the Investor Education Protection Fund.

SHARE CAPITAL

As a result of the Scheme of Arrangement between the Company and Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited ("ABMUL")), the Company on January 1, 2020 had issued:

a. 24 (Twenty-Four) equity shares of face value Rs 10 (Rupees Ten Only) each fully paid up for every 215 (Two Hundred and Fifteen) equity shares of face value Rs 10 (Rupees Ten Only) each fully paid up and held by such equity shareholder in ABMUL;

b. 43 (Forty-Three) equity shares of face value Rs 10 (Rupees Ten Only) each credited as fully paid up for every 105 (One Hundred and Five) 0.001% Compulsorily Convertible Preference Shares of Rs 10 each (Rupees Ten Only) each fully paid up and held by such preference shareholder in ABMUL and

c. 43 (Forty-Three) equity shares of the Company of face value Rs 10 (Rupees Ten Only) each credited as fully paid up for every 105 (One Hundred and Five) 0.001% Class B Compulsorily Convertible Preference Shares of Rs 10 each (Rupees Ten Only) each fully paid up and held by such preference shareholder in ABMUL.

The above share exchange ratio resulted in issue of 58,55,625 equity shares to Aditya Birla Capital Limited, the holding company of both the above stated companies.

The Company based on request letter received from Aditya Birla Capital Limited and the approval of the Board of Directors, had redeemed 1,00,00,000 8.00% Cumulative Redeemable Preference Shares of Rs 10 each on January 30, 2020. A sum equivalent to the nominal amount of Preference shares being redeemed was transferred to the Capital Redemption Reserve.

Due to adequate capital being available, there was no capital infusion during the year in your Company.

DEPOSITORY

As on March 31, 2020, out of the Company's total equity paid-up share capital comprising of 66,21,00,822 Equity Shares, 66,21,00,796 Equity Shares were held in dematerialized mode.

PUBLIC DEPOSITS

Your Company being a Non-deposit taking Systemically Important Non-banking Finance 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. There was no unclaimed deposit and/or interest accrued and/or any other amount(s) required to be transferred to the Investors Education and Protection Fund as on March 31, 2020.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Pursuant to provisions of Section 186 (11) of the Act, your Company being a non-banking finance company registered with the RBI 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.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure I** to this report.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was Rs 55.76 Crore as compared to Rs 4.38 Crore, during the previous financial year. The expenses had increased due to the ECBs related outgoings.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached in *Annexure II* of this Report.

Details as required under Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided upon request by a Member. In terms of the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all the Members of your Company, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the Annual General Meeting. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard. Additional details on employees is provided in the Management Discussion & Analysis report.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION

There were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report except the disruption caused by Covid -19. Details on impact on business and the way forward to deal with Covid is covered in Management Discussion Analysis report forming part of the Annual Report.

CHANGE IN NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION

Employee Stock Options have been recognized as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company, to create long term wealth in the hands of employees and act as a retention tool.

In view of the above, Aditya Birla Capital Limited had formulated “Aditya Birla Capital Limited Employee Stock Option Scheme 2017” (“Scheme 2017”) for the employees of the Company.

The shareholders of your Company at its meeting held on August 9, 2017 had approved the extension of benefits of the Aditya Birla Capital Limited Employee Stock Option Scheme 2017

("Scheme 2017") to the permanent employees in the management cadre of your Company. Pursuant to the provisions of Section 67 of the Act, applicable ESOP charge has been charged by Aditya Birla Capital Limited to the Company. Accordingly, during the year under review an amount of Rs 7.16 crore has been debited to the Employee cost towards Aditya Birla Capital Limited Employee Stock Options granted to Employees of your Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the financial year under review, prepared as per requirements of RBI's Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, is presented as a separate section, which forms part of this Annual Report.

CORPORATE GOVERNANCE REPORT

Your Company and Directors reaffirm their commitment to maintain the highest standards of corporate governance as applicable to your Company. Corporate Governance principles form an integral part of the core values of your Company. Corporate Governance Report forming part of Board's Report for the year under review is attached separately as *Annexure III*.

RISK MANAGEMENT FRAMEWORK

Risk Management at ABFL, follows the traditionally followed steps of risk identification, risk assessment, risk measurement and risk mitigation with the objective to contain the negative impact on profitability and capital. Your Company is exposed to various risks that are an inherent part of lending business.

Your Company faces potential risks, which can be classified as credit risk, liquidity risk, operational risk, market risk and IT risk. While creating awareness of the risks faced by the organization is, we believe, an important way to manage risk, the Company makes all efforts to create an environment of risk awareness at all levels.

Your Company has policies and procedures in place to identify, measure, assess, monitor, and manage these risks systematically across all its lines of businesses. The Company continually upgrades necessary security measures, including cybersecurity measures, to ensure mitigation of cyber threats and risks.

Risk management in ABFL is an independent function, in the context of separation of roles of credit origination (duty cast on the business functions) and evaluation and assessment (duty cast on the risk function) to ensure the independence of risk measurement, monitoring and control functions. This framework enables business units at the operating level, with the use of technology, to identify opportunities to lend which falls within the risk appetite of the Company.

The various risks across the company are monitored and reviewed through the Risk Management Committee of the Board (RMC) – the apex body for risk management and the Executive Level Committees, which meet periodically. Some of the executive level committees are the Asset Liability Committee (managing the liquidity risk and interest rate risk), Credit Committees and Investment Committees (to approve credit proposals and investment proposals), Product Approval Committee (to approve any new product being offered), Operations Risk Management Committee (to identify, measure and monitor operational risk in the processes) and Information Technology Steering Committee (to oversee the robustness of the IT systems and policies to manage cyber threats).

Credit Committees not only approve counter-party credit exposures in line with the delegation of authority assigned by the Board of Directors, but also focuses on post sanction monitoring. The Credit Committee also reviews the credit portfolios, non-performing loans, accounts under watch, over dues and incremental sanctions on an on-going basis.

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

1. **CREDIT RISK** – ABFL has put in robust credit appraisal, assessment and approval frameworks in place for identification, measurement, monitoring and controlling risks embedded in the business of taking credit exposures. Amongst the key ingredients that are evaluated in the process are:
   a) Industry analysis- which includes risks in these sectors which are monitored continuously, and wherever warranted, the exposure to higher risk industries concerned are reviewed immediately. Impact of events for e.g.: liquidity risk management framework for NBFC, Capital market measures for loan against shares, exposure to real estate sector. To name a few, were analyzed and appropriate responses to the emerging situations were planned to mitigate possible risks. Exposure to all sectors are presented to RMC at quarterly intervals and guidance if any are incorporated while underwriting exposures
   b) Business and Management analysis – reviewing the distinctive competitive advantage of the business and the linkages (forward and backward) are analyzed. The business owners and managers credentials are analyzed and reports as required are drawn from the credit bureau and public sources.
   c) Financial Analysis - The audited financial statements of the applicant borrowers and their forecasted cashflows are analyzed to confirm to the satisfaction of the company regarding the availability of free cash flows to service the interest and repayment obligations.
   d) Collateral and covenants – ABFL, generally, other than retail unsecured loans seeks to obtain acceptable collateral. While being cognizant that business cash flows are the primary source to recover the monies lent, collateral security enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations. Similarly, covenants are stipulated and monitored which enables the company to amend the contractual terms if the borrower fails to adhere to the terms and conditions and covenants.

   ABFL uses various internal Credit Risk Assessment Models and scorecards for assessing borrowers. Models for internal credit ratings of the borrowers were developed in-house with external assistance.

   Pricing of credit is decided based on the risk embedded in the credit proposal being evaluated and is decided by the credit committee. The company manages concentration risk by setting its own prudential exposure limits to groups and borrowers which is more conservative than the regulatory prescription. These limits are dynamically adjusted based on the assessment of the developments with regard to the groups / borrowers.

   ABFL also has an early warning monitoring mechanism to facilitate early identification of stress and mitigation mechanism. The Company through its Risk Policy & Monitoring unit tracks all key components like Key financial indicators, covenants and documentation. An escalation matrix is built in to enable continuous monitoring and timely resolution. This unit works in close coordination with the business segments to periodically review the individual borrower relationships, identify early warning signals and assess the overall health of borrowers. This unit takes proactive measures to ensure that delinquencies are maintained at a minimum level. Risk Monitoring unit also tracks the entire credit portfolio across all segments, including monitoring of early warning signals, identifies portfolio trends, and generates portfolio level MIS, covering various credit quality indicators. Further, it independently reviews credit policies and programs, including rating models for corporates.

2. **MARKET RISK** - Market risk is managed through a comprehensive Board-approved Investment Policy. Your Company maintains an investment book of Fixed Income Instruments, mostly Corporate / Government Bonds, NCDs & CPs/ CD’s and is managed through the investment policy which caps exposure to various securities through stringent trading risk limits/triggers Mark to Market thresholds. Policies have been benchmarked with industry best practices and RBI regulations.

3. **OPERATIONAL RISK** - Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Key elements of ABFL’s Operational Risk Management framework includes, oversight by the ORMC, timely reporting of operational loss events and near miss events, reporting and ongoing review of Systems and Controls, enhancing of risk awareness through Risk & Control Self-Assessment (RCSA) and Risk Awareness Trainings and monitoring of Key Risk Indicators (KRIs).

   ABFL has a Business Continuity Plan (BCP) in place for ensuring continuity of operations at the Branches and Offices during disruptions. The BCP has enabled us to ensure near Zero business disruption during natural disasters, which occurred during the year and during the current spread of pandemic - COVID -19. During this pandemic, ABFL’s readiness helped in the employees quickly adopting work from home routine. The BCP not only enabled the company take steps to prevent the staff from this disease but help its customers by providing uninterrupted service as sought by its customers.

   ABFL during the financial year ended 31st March 2020, conducted online training to enhance the awareness of operational risk

4. **LIQUIDITY RISK** - ABFL has sharpened its liquidity risk management framework post the ILFS default triggered liquidity crisis to NBFC sector. Efficient Management of Assets and Liabilities (ALM) is vital for sustainable growth of business for the company. ALCO monitors the ALM position at monthly intervals and strives to proactively review the market dynamics, capturing the signals emanating from there and assessing the regulatory requirements to ensure stake holder value creation. The ALCO also monitors the contractual repayments of liabilities and actuarial repayment of the loans and advances to arrive at the bucket level gap between inflows and outflows. Post the liquidity crisis mentioned above the Company has been maintaining cash and cash equivalent to cover repayment of liabilities maturing in the ensuing two months of its own volition to ensure the company is liquid to meet contractual obligations. The regulator has recently prescribed Liquidity Risk Management guidelines for NBFC’s to implement and ABFL is geared to implement the guidelines which includes maintaining stock of High-Quality Liquid Assets (HQLA) effective December 2020.

5. **Fraud Risk -** Risks associated with frauds are mitigated through a Fraud Risk Management framework. Fraud Control Unit reviews matters relating to fraud risk by reviewing cases which are entered in the system. Various fraud control management

activities like document sampling, property visit, verification of stock statement, vendor profile check, customer profile check etc. are established.

6. The Ministry of corporate affairs (MCA), Government of India had notified the companies (Indian Accounting standards), Rules 2015 on 16 Feb 2015. The said rules are made mandatory for NBFCs from 1st April 2018, however, has been deferred for banks till RBI issues a mandate in accordance with BASEL accords, and is adequately capitalized as per the current requirements as stipulated by the Reserve Bank of India. As per the referred accounting standards ABFL is obligated to provide for Expected Credit losses which is defined as: "the difference between the contractual cash flow due to the entity and cash flow that entity expect to receive". This difference is discounted either at original effective interest rate or any other appropriate adjusted discounted rate Financial assets on which ECL will apply includes – (1) debtors (2) loans given to group companies / inter corporate loans (3) any debt investments (4) loan commitments (5) financial guarantee contracts, (6) lease receivables, etc.

   Credit loss provisioning approach has now moved from incurred to expected loss model. An entity needs to understand the significance of credit risk and its movement since its initial recognition. The new model will ensure (a) timely recognition of ECLs (b) assessment of significant increase in credit risk which will provide better disclosure (c) ascertainment of better business ratios. Briefly the ECL is described below:

   I. Under IND AS all the assets are to be recognized as Stage 1 on initial recognition of the asset and Probability of Default (PD) of 12 months is applied. In the assets where Significant Increase in Credit Risk (SICR) has been observed since initial recognition are placed under Stage 2 and attracts lifetime PD is applied. Effectively, this could be more or less than the standard provision of 0.40% for all standard assets of the outstanding assets the company used to provide as per earlier I GAAP.

   II. Exposure where dues are not paid for than 90 days from the due date, are classified as Stage 3, which corresponds to classifications of such exposures as Non-Performing under IGAAP. While under IGAAP exposures classified as Non-Performing would have attracted provision of 10% of the dues. Under IND AS, such exposures are treated to be under default and attracts PD of 100%. LGD is estimated basis the net present value of future cash flows arising out of business and liquidation of collateral and the balance is to be provided as ECL.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY

During the year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable.

Prior omnibus approval is obtained for Related Party Transactions ("RPTs") which are of a repetitive nature and entered in the Ordinary course of business and at arm's length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee.

The details of contracts and arrangements with related parties of your Company for the year under review, are given in notes to the Financial Statements, forming part of this Annual

Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website at: www.adityabirlafinance.com/.

INTERNAL FINANCIAL CONTROLS

Your Company has put in place adequate internal controls across all lines of business and support functions. Your Company's policies and procedures are designed to ensure sound management of its business operations and adequate compliance to applicable regulations and standards. Roles and responsibilities have been institutionalised to ensure optimal control and supervisory governance with regard to safekeeping of its assets, optimal utilisation of resources and reliability of its financial information. Systems and procedures are periodically reviewed and upgraded to cater to the growing business needs of your Company's operations. The controls have been tested for design and operating effectiveness on a periodic basis and no significant exceptions were noted.

INTERNAL AUDIT

Your Company has a robust internal audit framework in place to test the adequacy of internal controls with the objective of providing an independent, objective and reasonable assurance on the design and operating effectiveness of the organization's risk management, control and governance processes to the Audit Committee and the Board of Directors.

The framework is commensurate with the nature of the business, its size and complexity of the operations. Internal auditing of the Company involves a systematic risk-based approach for analyzing the design and governance of business processes, testing the operating effectiveness of controls, and recommending value-added solutions to improve the organization's operations. The audit approach verifies compliance with the regulatory requirements and your Company's operational and systems related procedures and controls.

The Board of Directors at their meeting held on May 2, 2019 had appointed M/s. Aneja Associates as Internal Auditors for the Financial Year 2019-20 and approved their scope and plans for the said financial year. The objective of the Internal Audit is to cover the following:

- Review adequacy and effectiveness of operating controls
- Review the adequacy of the supervisory control mechanisms
- Recommend improvements in policies & procedures and
- Report significant observations and recommendations for process improvements in concise report for discussion with senior management and Audit Committee of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the Management, the Directors of your Company state that: -

i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
ii) appropriate accounting policies had 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, 2020 and of the profit of the Company for the year ended on that date;
iii) proper and sufficient care had 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;
iv) the attached Statement of Accounts for the financial year ended March 31, 2020 had been prepared on a "going concern basis";

v) that there were no significant deviations which could be construed as material weakness in the existing control framework and that the Company had laid down internal financial controls which were adequate and operating effectively;
vi) 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.

DIRECTORS / KEY MANAGERIAL PERSONNEL

APPOINTMENT / RESIGNATION OF DIRECTORS

The Board of Directors comprises of 9 (nine) Directors out of which 6 (six) are Independent Directors (including 1 Woman Director).

The Board of Directors at its meeting held on July 23, 2019 appointed Mr. Rakesh Singh (DIN – 07006067) as the Managing Director and Chief Executive Officer of the Company with immediate effect. The resolution for Mr. Singh's regularization of appointment forms part of the Notice of the AGM. As there was no new appointment of an Independent Director during the year, your Directors have not included a statement regarding opinion of the Board with regard to integrity, expertise and experience (including proficiency) of the independent directors appointed during the year.

RETIREMENT BY ROTATION

As per the provisions of the Act, Mr. B N Puranmalka (DIN: 00007432) retires from the Board by rotation this year and being eligible, offers himself for re-appointment at the 29th Annual General Meeting of the Company.

A detailed profile of the Director seeking re-appointment is provided in the Notice of the 29th Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company had received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149(6) of the Act and have submitted their respective declarations as required under Section 149(7) of the Act.

KEY MANAGERIAL PERSONNEL (KMPs)

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Rakesh Singh, Managing Director & Chief Executive Officer (CEO), Mr. Sanjay Miranka, Chief Financial Officer (CFO) and Mr. Ankur Shah, Company Secretary (CS), are the Key Managerial Personnel of your Company.

CHIEF RISK OFFICER & COMPLIANCE OFFICER

The Reserve Bank of India (RBI) vide circular dated May 16, 2019 had mandated all Non-Banking Financial Companies with asset size of more than Rs 50 billion to appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities. The said circular also specified certain specific roles and responsibilities of the CRO including not carrying out any other role along with being the CRO ('dual hatting').

With respect to the above, Mr. Sekhar Mosur, who was the Chief Compliance & Risk Officer and also designated as the Manager of the Company under Section 196 of the Companies Act, 2013 had placed his resignation as the Manager with effect from end of the day of July 22, 2019 and was subsequently appointed as the CRO of the Company at the Board meeting held on July 23, 2019 with immediate effect.

Mr. Neelesh Sarda was appointed as the Chief Compliance Officer for all regulatory purposes except the Securities Exchange Board of India (SEBI) related matters at the Board meeting held on November 6, 2019.

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of your Company comprises of assessment of their contributions at the meetings, strategic perspective or inputs regarding the growth and performance of your Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board had carried out an annual performance evaluation of the performance of various Committees of the Board, individual Directors and the Chairman and presented the outcome at its Nomination and Remuneration Committee and Board meetings. The manner in which the evaluation had been carried out had been set out in the Corporate Governance Report, which forms part of this Annual Report.

BOARD REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee, has adopted Executive Remuneration Philosophy for remuneration of Directors, KMP and Senior Management. The said policy is available on the Company's website at www.adityabirlafinance.com/.

MANAGERIAL REMUNERATION

The details on remuneration to Directors / Manager are disclosed in the Corporate Governance Report and form MGT 9.

MEETINGS OF THE BOARD AND ITS COMMITTEES

Board

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

Audit Committee and its Composition

The Audit Committee comprises of 3 (three) members as on date viz. Mr. Ashwani Puri, Mr. D J Kakalia and Mr. Ajay Srinivasan. 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. During the year under review, the Board of Directors of your Company has accepted all the recommendations as put forth by the Audit Committee.

Nomination & Remuneration Committee and its Composition

The Nomination & Remuneration Committee (NRC) comprises of 4 (four) members as on date viz. Mr. Jitender Balakrishnan, Mr. D J Kakalia, Mr. Ajay Srinivasan and Mr. B N Puranmalka. Out of the above members, two members viz. Mr. Jitender Balakrishnan and Mr. D J Kakalia are Independent Directors. Mr. Jitender Balakrishnan is the Chairman of the Committee. Additional details about the Committee are provided in the Corporate Governance report. During the year under review, the Board of Directors of your Company has accepted all the recommendations as put forth by the NRC.

OTHER COMMITTEES

The details of all other Committees of the Board are provided in the Corporate Governance Report, which forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act as amended by the Companies (Amendment) Act, 2017, the extract of annual return for the financial year ended March 31, 2020 in Form MGT-9 under the provisions of 92(3) of the Act has been attached to this report as Annexure IV. The Annual Return for Financial Year 2018-19 is also available on the Company's website at www.adityabirlafinance.com/.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

S. R. Batliboi & Co. LLP, Chartered Accountants (Registration no. 301003E/E300005) holds office as Statutory Auditors of the Company upto the ensuing Annual General Meeting.

As per the provisions of the Companies Act, 2013, a firm of Auditors can hold their term as Auditors of any company for two terms of five years each. M/s. S V Ghatalia & Associates, an associate of S R Batliboi & Co. LLP had held the position of Auditors of the Company for a period of four years preceding the enactment of Companies Act, 2013 which tenure had to be included in counting the total tenure of 10 years. S R Batliboi & Co. LLP had held the position of Auditors for past 6 years since the enactment of Companies Act, 2013 and thereby completing a tenure of 10 years in total. Pursuant to this, the Board of Directors at its meeting held on January 30, 2020 appointed M/s Deloitte Haskins & Sells LLP (Registration No.117366W/W-100018) as the Statutory Auditors of Company for a period of five years from 2020 to 2025.

A certificate from M/s Deloitte Haskins & Sells LLP 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 Act (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 said appointment of the Statutory Auditors will be subject to the approval by the shareholders at their annual general meeting.

The Auditors has provided a clean audit report for the year under review. 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. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act, during the financial year ended March 31, 2020.

SECRETARIAL AUDITORS, SECRETARIAL AUDIT REPORT AND ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to conduct the Secretarial Audit for the year under review. The Secretarial Audit Report in Form MR-3 for the year under review, as received from M/s. BNP & Associates, Company Secretaries, is attached as *Annexure V* of the Board's Report.

Pursuant to Regulation 34(3) and Schedule V of the SEBI Listing Regulations, the Annual Secretarial Compliance Report received from M/s. RS & MP Associates, Practicing Company Secretaries for the financial year under review, is attached as *Annexure VI* of this Report.

The Secretarial Audit Report and the Annual Secretarial Compliance Report do not contain any qualifications, reservations or adverse remarks.

COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has a Corporate Social Responsibility (CSR) Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy is available on the Company's website at www.adityabirlafinance.com/.

As a part of its initiatives under CSR, the Company has undertaken projects in the areas of Health, Education, Livelihood, women empowerment and promotion of sports and has fully contributed its budgeted amount as per the Regulations. These projects are also in line with the statutory requirements under the Act and its CSR Policy. In the year under review, the Company has spent Rs 21.53 Crore under CSR.

The required disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as *Annexure VII* to this report**.**

Further details on the CSR Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated a vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report, which forms part of this Annual Report. The said policy is available on the Company's website at: www.adityabirlafinance.com/.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We further state that during the year under review, there were no complaints received / cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. However, the Company had received one complaint from an employee against an external customer of ABFL under policy for prevention of sexual harassment. The complaint is under investigation with the local complaints committee.

HUMAN RESOURCES

Your Company believes that human resources are at the core of sustaining and building our organization and will play a critical role in its future growth. With an unswerving focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences and providing communication channels for information sharing, to name a few of the initiatives. Additional details on human resources is provided in the Management Discussion and Analysis report.

SECRETARIAL STANDARDS OF ICSI

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India, have been complied with, to the extent applicable.

OTHER DISCLOSURES

In terms of applicable provisions of the Act, your Company discloses that during the year under review:

- 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 your Company.
- No Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Option Scheme referred to in this Report.
- No Scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund
- there was no Issue of shares with differential rights
- there were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.
- there were no proceeding for Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016 against the Company
- there were no failure to implement any Corporate Action

ACKNOWLEDGEMENTS

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.

For and on behalf of the Board

Ajay Srinivasan
Ajay Srinivasan
Director
DIN – 00121181

Rakesh Singh
Rakesh Singh
Managing Director & CEO
DIN – 07006067

Place: Mumbai
Date: June 4, 2020

ANNEXURE I

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A. CONSERVATION OF ENERGY	
(i) the steps taken or impact on conservation of energy;	None
(ii) the steps taken by the company for utilizing alternate sources of energy;	None
(iii) the capital investment on energy conservation equipments;	None
B. TECHNOLOGY ABSORPTION	
(i) The efforts made towards technology absorption	**1. iLEAP – Digital Loan Origination Platform for Retail** The Company has transformed the entire loan onboarding process with iLEAP, an efficient, customer centric, state of the art Digital Loan Origination platform. Seamless data flow is achieved with 15+ third party API for KYC, Bureau checks, ITR, Financial Statement and Banking analysis, Fraud Checks . 50% to 60% fields (for different products) are auto-filled reducing manual errors. Expedited Credit decisioning through automated validation of policy rules and eligibility calculators using robust business rule engine. We have reduced TAT from lead to disbursement stage, enhanced customer experience and reduced number of customer touch points. **2. Business Rule Engine for validating Policy Rules and Score card:** A configurable rule engine hosts Policy rules, Eligibility Calculators and Custom Score cards. This automation fastens the credit decisioning process, reduces human dependency and subjectivity in decisioning. Configurable engine also ensures faster turnaround time for incorporating changes in Credit Policy. Furthermore, the data form business rule engine can be used for analytics to strengthen the custom score cards. **3. Self-service made easy for retail customers** In today's internet driven age, the customer expects to get easy / DIY experience, the decision was taken to focus on Digitization & Self-Service as pillars to drive Retail service delivery and customer experience. WhatsApp/Chatbot channels were selected to service 35%-50% of frequently used service requests covering nearly 95% of the

	customer base – providing instant service fulfilment & obviating the need for back end human presence. **4.** Video Personal Discussion technology was enabled for Unsecured business enabling credit managers to do a video discussion with prospects along with geo tagging. **5. <u>Application performance monitoring</u>** To ensure reliability and uptime of our systems, a real time application performance monitoring tool (True Sight) was implemented and extended to monitoring of all key systems. This helped with faster detection, troubleshooting and resolution of any applications having slow performance. **6. <u>Unified Ticketing and Change Management Tool</u>** To ensure tracking of all incidents, we have implemented Remedy for ticketing and change management tracking tool. All Changes into systems are now tracked via tool and readily available for audit purposes. **7. <u>Hyper converged Infrastructure</u>** To increase the core system performance and uptime, we have implemented Nutanix based hyper converged infrastructure. This has helped us to reduce EOD / EOM jobs duration by 60%. **8. <u>New Product – Travel, healthcare and Education</u>** lending. This is a merchant app built for Point of Sale funding with partners (B2B2C). The tie ups are with large players in Education e.g. Aakash Coaching, Indian Dental Association, Jetking etc. **9. <u>Digital Ecosystem Partnerships</u>** This is partnership lending arrangements with large B2C companies like Ola, Xiaomi, Mobikwik and Car Dekho. The front-end screens are by these aggregation platforms and lending APIs are provided from the digital lending platform for unsecured small ticket loans.
(ii) The benefits derived as a result of the above efforts (e.g. Product improvements, cost reduction, product development, import substitution, etc.)	New initiatives in technology such as self-service for customers on WhatsApp / Chatbot channel has led to improving customer experience and optimizing the cost of servicing with increasing customer base Video PD has enabled to improve the productivity and efficiency of the credit team and also aided in saving costs New products in Digital ecosystem has opened up new opportunities in the internet economy and reach out to customers. With Hyper converged infra structure we are able to reduce EOD EOM duration by 60%.

(iii) Particulars of imported technology in the last three years (reckoned from beginning of the financial year)	None
a) Details of technology imported	None
b) Year of import	None
c) Has technology been fully absorbed	None
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	None
(iv) the expenditure incurred on Research and Development.	None

Annexure II

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 2019-20

1	Ratio of remuneration of each Director to median remuneration of the employees of the company for the financial year;
	The ratio of the remuneration paid to Mr. Rakesh Singh, MD & CEO, to median remuneration of the employees of the company for the financial year is 106.99
2	Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, in the FY 2019-20

Mr. Rakesh Singh, CEO	Mr. Sekhar Mosur, Manager	Mr. Sanjay Miranka, CFO	Mr. Ankur Shah, CS
8.0%	5.0%	7.5%	10.0%

3	Percentage increase in median remuneration of employees in the FY
	9.05%
4	No. of permanent employees on rolls of the Company
	2,233
5	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
	Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year – 11.1% *Average percentile increase in the salaries of the managerial personnel in the last financial year – 7.63%*
6	It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

Annexure III

Report on Corporate Governance

<u>Philosophy of Corporate Governance</u>

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 stakeholders.

<u>Corporate Governance reporting under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</u>

Your Company is an unlisted company as its shares are not listed on any stock exchange and hence the provisions of corporate governance prescribed in Chapter IV and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. Yet the Company on suo-moto basis, has taken all necessary initiatives to comply with the provisions of corporate governance to the maximum extent possible and endeavors, in true spirit, to go well beyond the mandatory provisions. However, as per the provisions of the Act, the Company is considered as a listed company as its debentures are listed. As per the provisions of the Act, various disclosures are now required to be made in the Boards' Report of which the disclosures relating to the Directors, the Board, its Committees and their meetings are given herein below:

I) <u>Board of Directors ("Board")</u>

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. <u>Composition of the Board</u>

The Board comprises of 9 (nine) directors as on date, of which 6 (six) are Independent directors including one woman director. As per the provisions of the Act, the Company has appointed a Manager who is not a part of the Board of Directors.

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
5. Mr. Baldev Raj Gupta
6. Mr. Subhash Chandra Bhargava

B. Details of Directorships/Committee memberships

The composition of our Board, their Directorships/Committee memberships* and Chairpersonship 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$#	Chairpersonship in Committees of other Public Cos$
Mr. Ajay Srinivasan	Director	7	6	--
Mr. B N Puranmalka	Director	2	--	--
Mr. D J Kakalia	Director	6	4	1
Mr. Jitender Balakrishnan	Director	9	5	3
Mr. Ashwani Puri	Director	2	--	2
Ms. Alka Bharucha	Director	9	5	3
Mr. B. R. Gupta	Director	2	1	2
Mr. Subhash Chandra Bhargava	Director	9	4	1
Mr. Rakesh Singh	Managing Director & CEO	2	--	--

* Not including companies incorporated outside India and Private Limited Companies (other than holding or subsidiary company of a public company) and companies under Section 8 of the Act.

$ Only Audit Committee and Shareholders' Grievance/ Stakeholders Relationship 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 Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

\# excluding Chairpersonship which is mentioned in the next column.

C. Non-Executive Directors' compensation and disclosures

Your Company pays sitting fees to the Independent Directors for attending meetings as per the following:

Attending Meeting of	Amount in Rs
Board	50,000 per meeting per Director
Audit Committee	25,000 per meeting per member
Other Committees	20,000 per meeting per member

The details of sitting fees paid to the Independent Directors during the FY 2019-20 are given in the table below:

(Amount in Rs)

Name of the Director	Board Meeting	Committee						
		Audit	Risk	Nomination & Remuneration	CSR	Finance	IT Strategy	Stakeholders Relationship
Mr. D J Kakalia	2,50,000	1,50,000	-	80,000	-	80,000	-	20,000
Mr. Jitender Balakrishnan	2,50,000	-	60,000	80,000	-	-	60,000	-
Mr. Ashwani Puri	2,50,000	1,75,000	-	-	60,000	-		-
Ms. Alka Bharucha	1,00,000	-	-	-	-	-	-	-
Mr. Baldev Raj Gupta	2,50,000	-	-	-	-	-	-	-
Mr. Subhash Chandra Bhargava	2,50,000	-	-	-	-	-	-	-

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 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 meetings.

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 Circular resolution(s)
- Financial results of the Company
- Compliance certificate
- Status of Action on items of the previous Board meeting
- Business requirements
- Outstanding borrowings and investments
- Approval of policies
- Approval of fees of Auditors

The Company is in compliance with the provisions of the notified Secretarial Standards on the subject.

ii) Attendance of directors

As a good practice the Company ensures optimum presence of the Directors at each meeting.

During the FY 2019-20, five Board meetings were held on May 2, 2019, July 23, 2019, September 10, 2019, November 6, 2019 and January 30, 2020.

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 during FY 2019-20		Attendance in the last AGM dated July 22, 2019
	Held	Attended	
Mr. Ajay Srinivasan	5	5	No
Mr. B N Puranmalka	5	3	No
Mr. D J Kakalia	5	5	No
Mr. Jitender Balakrishnan	5	5	No
Mr. Ashwani Puri	5	5	No
Ms. Alka Bharucha	5	2	No
Mr. Baldev Raj Gupta	5	5	No
Mr. Subhash Chandra Bhargava	5	5	No
Mr. Rakesh Singh*	4	4	No

*Appointed w.e.f July 23, 2019

E. Code of Conduct

The Company has designed and implemented a Code of Conduct for 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 are 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 & organizations
- Dealing with Customers
- Responsibilities
- Adherence and enforcement mechanism
- Commitment

II) Audit Committee

The provisions of Section 177 of the Act (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 performs are:

- overseeing company's financial reporting process and the disclosure of its financial information
- Review of Annual Financial Statements
- Review of Management discussion and analysis of financial condition and results of operations
- Review of Related party transactions
- Review of Management letter / letters of internal control weakness if any issued by Statutory Auditors
- Recommend appointment of Auditors and their remuneration
- Review of Internal Audit reports
- Review of performance of Internal Auditors
- Evaluation of internal financial controls and the risk management systems
- Valuation of undertaking or assets of the Company, wherever it is necessary
- Review of the NPAs and their provisions
- Review of the functioning of the whistle blower mechanism
- Monitoring the end use of funds raised through public offers and related matters

a. Composition of Audit Committee

Our Audit Committee comprises of 3 (three) members viz. Mr. Ashwani Puri, Mr. D J Kakalia and Mr. Ajay Srinivasan. Out of the above, 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, Chief Risk Officer, Company Secretary, Head – Internal Audit, the Statutory Auditors and the Internal 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 2019-20, the Audit Committee met seven times on May 2, 2019, July 23, 2019, September 10, 2019, November 1, 2019, November 6, 2019, January 22, 2020 and January 30, 2020.

The attendance of the Audit Committee members at the Audit Committee meetings during the FY 2019-20 is given in the table below:

Name of the Committee member	No. of Audit Committee meetings	
	Held	Attended
Mr. Ashwani Puri	7	7
Mr. D J Kakalia	7	6
Mr. Ajay Srinivasan	7	7

III) Other Committees of the Company

For ensuring smooth business activities and as per the requirements of the Act and RBI Directions, 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 various lines of business and growing scale of operations undertaken by the Company and as required by RBI norms, the Board had constituted the Risk Committee as its sub-committee, 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
- Monitoring asset management liabilities positions
- Guiding the business to ensure effective risk management.
- Progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company
- Generally, oversee the risk management function and perform such other related functions as the Board of the Company may entrust to it.

a) 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.

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

During the FY 2019-20, the Risk Committee met three times on September 27, 2020, January 10, 2020 and March 20, 2020. The attendance of the Risk Committee members at the Risk Committee meetings during the FY 2019-20 is given in the table below:

Name of the Committee member	**No. of Risk Committee meetings**	
	Held	**Attended**
Mr. Jitender Balakrishnan	3	3
Mr. Ajay Srinivasan	3	3
Mr. B N Puranmalka	3	2
Mr. A Dhananjaya	3	2
Mr. Rakesh Singh	3	3
Mr. Tushar Shah	3	2
Mr. Sekhar Mosur	3	3
Mr. Ajay Singh	3	3

B) Asset Liability Management Committee

The Board had constituted the Asset Liability Management Committee as its sub-committee 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.

a) Composition of Asset Liability Management Committee

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

- Mr. Rakesh Singh
- Mr. Sekhar Mosur
- Mr. Sanjay Miranka
- Mr. Chandramohan Amritkar
- Mr. Tushar Shah
- Mr. Ajay Singh
- Mr. Sudesh Puthran

The Company Secretary acts as the Secretary to the Committee.

b) 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 2019-20 is given in the table below:

Name of the Committee member	No. of Asset Liability Management Committee meetings	
	Held	Attended
Mr. Rakesh Singh	10	10
Mr. Tushar Shah	10	7
Mr. Sekhar Mosur	10	7
Mr. Ajay Singh	10	6
Mr. Sanjay Miranka	10	10
Mr. Chandramohan Amritkar	10	10
Mr. Devang Rawal*	4	4
Mr. Rajeev Sharma*	4	1
Mr. Hitesh Eidnani*	4	3
Mr. Nirmal Kishore*	4	3
Mr. Sudesh Puthran#	6	3

*Ceased to be a Member w.e.f July 23, 2019
#Appointed as a Member w.e.f July 23, 2019

C) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed to recommend to the Board the appointment of Directors, senior management and Key Managerial Personnel. The Committee also decides the remuneration payable to Directors and Manager. The Committee further ensures fit and proper status of existing / proposed directors. The Committee is formed as per the provisions of the Act and the RBI Directions.

a) Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Members:

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

b) Meetings of Nomination and Remuneration Committee (NRC) and attendance of NRC members

During the FY 2019-20, the Nomination and Remuneration Committee met four times on May 2, 2019, July 11, 2019, November 6, 2019 and January 22, 2020. The attendance of the Nomination and Remuneration Committee members at the NRC meetings during the FY 2019-20 is given in the table below:

Name of the Committee member	No. of Nomination and Remuneration Committee meetings during the FY 2019-20	
	Held	Attended
Mr. Jitender Balakrishnan	4	4
Mr. D J Kakalia	4	4
Mr. Ajay Srinivasan	4	4
Mr. B N Puranmalka	4	3

D) Corporate Social Responsibility (CSR) Committee

The CSR Committee had been constituted pursuant to the provisions of Section 135 of the Act.

a) Composition of CSR Committee

The CSR Committee comprises of the following Members:

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

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

b) Meeting(s) of CSR Committee and attendance of CSR Committee members

During the FY 2019-20, the CSR Committee met twice on May 2, 2019, August 27, 2019 and December 19, 2019. The attendance of the CSR Committee members at the CSR meetings during the FY 2019-20 is given in the table below:

Name of the Committee member	No. of CSR Committee meetings during the FY 2019-20	
	Held	Attended
Mr. Ashwani Puri	3	3
Mr. Ajay Srinivasan	3	3
Mr. B N Puranmalka	3	3

E) IT Strategy & Information Security Steering Committee

a) Composition of IT Strategy & Information Security Steering Committee

The IT Strategy & Information Security Steering Committee has been constituted as per the requirements of RBI's master directions on Information technology at the Board meeting held on October 26, 2017. The Committee, at present, comprises of the following members:

Mr. Jitender Balakrishnan, Chairman (Independent Director)
Mr. Rakesh Singh
Mr. Sekhar Mosur
Mr. Sanjay Miranka
Mr. Ankur Kapoor
Mr. Gopakumar Panicker
Mr. Sudesh Puthran
Mr. Anindya Karmakar

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

During the FY 2019-20, the IT Strategy & Information Security Steering Committee met thrice on May 2, 2019, October 22, 2019 and February 17, 2020. The attendance of the IT Strategy & Information Security Steering Committee members at the meetings during the FY 2019-20 is given in the table below:

Name of the Committee member	No. of IT Strategy & Information Security Steering Committee meetings during the FY 2019-20	
	Held	Attended
Mr. Jitender Balakrishnan	3	3
Mr. Rakesh Singh	3	3
Mr. Sekhar Mosur	3	3
Mr. Sanjay Miranka	3	3
Mr. Ankur Kapoor	3	3
Mr. Gopakumar Panicker	3	3
Mr. Sudesh Puthran	3	3

F) Stakeholders Relationship Committee

The Stakeholders Relationship Committee had been constituted pursuant to the provisions of Section 178(5) of the Act at the meeting of the Board of Directors held on January 25, 2019. The Committee's roles & responsibilities inter alia, includes consideration and resolution of the grievances of security holders of the Company.

a) Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of the following Members:

- Mr. Ajay Srinivasan, Chairman
- Mr. B N Puranmalka
- Mr. D J Kakalia

b) Meeting(s) of Committee and attendance of Committee members

During the FY 2019-20, the Stakeholders Relationship Committee met once on May 2, 2019. All the members had attended the said meeting.

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 at the Board meetings. The details have also been provided in the Board's report.

B) Performance Evaluation of Board

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual directors and the Chairman of the Board. The evaluation is based on criteria which includes, among others, providing strategic perspective, chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees. The Independent Directors at their meeting held on February 17, 2020, had completed the performance evaluation exercise. The non-executive Directors too had completed the performance evaluation exercise and submitted their feedback. The outcome of the performance evaluation exercise was placed at the NRC and Board meetings.

C) Remuneration of Directors

Based on the recommendation of the Nomination & Remuneration Committee, all decisions relating to remuneration of Directors are taken by the Board of your Company in accordance with the shareholder's approval, wherever necessary. 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, except the Managing Director & CEO as appointed by the Board on July 23, 2019 on the recommendation of the NRC meeting held on July 11, 2019.

D) Shareholders & General information

a) 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
28th	2019	July 22, 2019	10.00 a.m.	Registered Office
27th	2018	June 5, 2018	9:30 a.m.	Registered Office
26th	2017	June 2, 2017	10:30 a.m.	Registered Office

b) General Shareholder Information

Date, Time and Venue of the 29th Annual General Meeting	July 10, 2020, 10.00 a.m., Indian Rayon Compound, Veraval, Gujarat – 362 266
Year	2020
Corporate Identification Number (CIN) / Registration no. of the Company as per Companies Act with the Registrar of Companies	U65990GJ1991PLC064603
Permanent Account Number (PAN)	AABCB5769M
Address for correspondence	One Indiabulls Centre, Tower 1, 18th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013
Registration / licence/ authorisation, obtained from other financial sector regulators	RBI's certificate of Registration no. N.01.00500 dated 9th August, 2011
Area and country of operation	Various States in India

Annexure IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020
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 and BSE Limited)
7.	Name, Address of Registrar & Transfer Agents (RTA), if any	:	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083
	Contact details of RTA	:	Tel. No. +91 22 2596 3838; Fax no: +91 22 2594 6969; Email : isrl@intimespectrum.com

I. 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 deposit accepting systemically important Non-Banking finance Company engaged in lending and allied activities holding certificate of registration issued by Reserve Bank of India	6492	99%

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 Capital Limited, (formerly known as Aditya Birla Financial Services Limited) ("ABCL") Indian Rayon Compound, Veraval, Gujarat 362266	L67120GJ2007 PLC058890	Holding Company	100%	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
(1) **Indian**									
(a) Individual / HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d)Bodies Corp.	65,62,45,137	60*	65,62,45,197	100.00	66,21,00,796	26*	66,21,00,822	100.00	0.89%
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f)Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	65,62,45,137	60*	65,62,45,197	100.00	66,21,00,796	26*	66,21,00,822	100.00	0.89%
(2) **Foreign**									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	65,62,45,137	60*	65,62,45,197	100.00	66,21,00,796	26*	66,21,00,822	100.00	0.89%
B. **Public Shareholding**	-	-	-	-	-	-	-	-	-
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-

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	Demat	Physical	Total	% of Total	
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. **Non-Institutions**									
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	65,62,45,137	60*	65,62,45,197	100.00	66,21,00,796*	26*	66,21,00,822	100.00	0.89%

* 50 shares in aggregate are held by individuals as nominees of ABCL.

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	% Change during the year
1.	Aditya Birla Capital Limited	65,62,45,197*	100.00	-	66,21,00,822*	100.00	-	0.89%#

* 50 shares are held by individuals as nominees of ABCL.
#There was increase in no. of Equity shares due to issuance of Equity Shares on merger.

(iii) 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	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

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

No			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Aditya Birla Capital Limited (ABCL)**					
	At the beginning of the year		65,62,45,197	100	65,62,45,197	100
	Increase / (Decrease) in Promoters Shareholding during the Year specifying the reasons for increase / decrease	Issuance of equity shares pursuant Scheme of Amalgamation between Aditya Birla Finance Limited and Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited) on January 1, 2020	58,55,625	0.89	66,21,00,822	100
	At the end of the year				66,21,00,822	100

(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	
	For each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease				
	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	34,89,613.31	8,46,285.53	-	43,35,898.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	90,970.88	9,170.69	-	1,00,141.57
Total (i+ii+iii)	**35,80,584.19**	**8,55,456.22**	**-**	**44,36,040.41**
Change in Indebtedness during the financial year				
Addition	32,97,139.75	34,86,046.93	-	67,83,186.68
Reduction	-29,70,949.39	-39,07,367.79	-	-68,78,317.18
Net Change	**3,26,190.36**	**-4,21,320.86**	**-**	**-95,130.50**
Indebtedness at the end of the financial year				
i) Principal Amount	37,84,495.43	4,23,584.58	-	42,08,080.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,22,279.12	10,550.78	-	1,32,829.90
Total (i+ii+iii)	**39,06,774.55**	**4,34,135.36**	**-**	**43,40,909.91**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in Rs unless stated otherwise)

Particulars of Remuneration	**Name of MD / ~~WTD /~~ Manager**			**Total Amount**
	Mr. Sekhar Mosur Manager (upto July 22, 2019)	**Mr. Rakesh Singh - MD & CEO** (from July 23, 2019)	**WTD**	
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) of Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	35,78,977 12,242	8,97,50,581 1,17,18,974	N.A. N.A.	9,33,29,558 1,17,31,216
Sweat Equity	NIL	NIL	N.A.	NIL
Commission - as % of profit - others, specify	NIL	NIL	N.A.	NIL
Others, please specify - Variable pay Reimbursements	54,99,855 74,844	Given in C below	N.A.	54,99,855 74,844
Total (A)	91,65,918	10,14,69,555	N.A.	11,06,35,473
Ceiling as per the Act (5%)	**Rs in Lakh**			4,467.91

B. Remuneration to other directors:

(in Rs unless stated otherwise)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
	1. Independent Directors	**Mr. D J Kakalia**	**Mr. Jitender Balakrishnan**	**Mr. Ashwani Puri**	**Ms. Alka Bharucha**	**Mr. Baldev Raj Gupta**	**Mr. Subhash Chandra Bhargava**	
	• Fee for attending board / committee meetings	5,80,000	4,50,000	4,85,000	1,00,000	2,50,000	2,50,000	21,15,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	5,80,000	4,50,000	4,85,000	1,00,000	2,50,000	2,50,000	21,15,000
	2. Other Non-Executive Directors	The Company doesn't pay any sitting fees, commission to its Non- executive Directors: Mr. Ajay Srinivasan and Mr. B N Puranmalka						
	• Fee for attending board / committee meetings	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-		-
	Total (B)=(1+2)	5,80,000	4,50,000	4,85,000	1,00,000	2,50,000	2,50,000	21,15,000
	Total Managerial Remuneration						(A + B)	11,27,50,473
	Overall Ceiling as per the Act (11%)						**Rs in Lakh**	**9,829.39**

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

(in Rs)

Sl. no.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		Mr. Rakesh Singh, CEO	**Mr. Sanjay Miranka, CFO**	**Mr. Ankur Shah, CS**	**Total**
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,04,35,615	1,87,22,817	42,86,181	3,34,44,613
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,242	6,20,346	2,60,028	8,92,616
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Sweat Equity	NIL	NIL	NIL	NIL
3	Commission - as % of profit - others, specify…	NIL	NIL	NIL	NIL
4	Others: Variable pay	4,01,62,215	58,27,589	8,97,750	4,68,87,554
	Total	5,06,10,072	2,51,70,752	54,43,959	8,12,24,783
	Ceiling as per the Act	There is a ceiling of Rs 4,467.91 Lakh per annum payable to the MD & CEO.			

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for year ended March 31, 2020.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[*Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members of
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 good corporate practices by **Aditya Birla Finance Limited** having **CIN U65990GJ1991PLC064603** (hereinafter called the 'Company') for the financial year ended on 31st March 2020 (the "audit period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our verification of the Company's books, papers, minutes books, soft copy of various records, scanned copies of minutes of Committee, forms and returns filed and other records maintained by the Company;
(ii) Our observations during our visits to the Corporate office of the Company;
(iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
(iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2020, the Company has:

(i) Complied with the statutory provisions listed hereunder; and
(ii) Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.

1. Compliance with specific statutory provisions

We further report that:

1.1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses 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) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowing;

(iv) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder to the extent of transfer of securities;

(v) <u>The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -</u>

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);

(b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations,2008;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(vi) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).

1.2 During the period under review:

(i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.

(ii) Generally complied with the applicable provisions / clauses of:

(a) The Act and Rules mentioned under paragraph 1.1 (i)
(b) FEMA to the extent of External Commercial Borrowings mentioned under paragraph 1.1 (iii) and
(c) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings held during the year and the 28th Annual General Meeting held on 22.07.2019. The compliance of the provisions of the Rules made under the Act with regard to the Board meetings held through video conferencing were verified based on the minutes of the meeting provided by the Company.

1.3 We are informed that, during / in respect of the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards and was consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns thereunder:

(i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(ii) <u>The following Regulations and Guidelines prescribed under the SEBI Act:-</u>

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and

e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

f. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

1.4 We have also examined, on test check basis, the relevant documents and records maintained by the Company with respect to Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, and other relevant guidelines and circulars issued by the Reserve Bank of India, from time to time.

2. Board processes:

We further report that:

2.1 The Board of Directors of the Company as on 31st March 2020 comprised of:

(i) A Managing Director i.e. Mr. Rakesh Singh appointed by the Board of Directors as an Additional Director for post of Managing Director w.e.f. 23.07.2019, subject to Shareholders approval at the ensuing General Meeting;
(ii) Two Non-Executive Non-Independent Directors; and
(iii) Six Non-Executive Independent Directors, including a Woman Independent Director

2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act and LODR:

(i) Mr. Sekhar Mosur re-appointed as a Manager by the Board of Directors of the Company for a period of three years or upto superannuation, whichever is earlier w.e.f. 5th January 2019 and same was consented by the Members at the 28th Annual General Meeting held on 22.07.2019. However, Mr. Sekhar Mosur tendered his resignation as a Manager w.e.f. close of business hours of 22.07.2019. This resignation was due to his appointment as a Chief Risk Officer (CRO) as per requirements of RBI circular on the same which also mandated the CRO as not to do any double hatting.

(ii) Mr. Rakesh Singh (DIN:- 07006067) appointed as Managing Director and Chief Executive Officer by the Board of Directors of the Company w.e.f. 23.07.2019

(iii) Mr. Subhash Chandra Bhargava (DIN:-00020021) was appointed as an Independent Director by the Board of Directors of the Company subject to Shareholders approval for a period of five years w.e.f. 25.01.2019. The appointment was regularized at 28th Annual General Meeting held on 22.07.2019.

(iv) Re-appointment of Mr. Ajay Srinivasan (DIN:- 00121181) as a director liable to retire by rotation and re-appointed at 28th Annual General Meeting held on 22.07.2019.

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meeting, except for one meeting which was convened at a shorter notice to transact urgent business.

2.4 Notice of the Board meetings was sent to the directors at least seven days in advance except for the one meeting convened at a shorter notice, at which more than one independent director was present as required under Section 173 (3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings, other than for the one meeting convened at a shorter notice.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and

(ii) Additional subjects/ information/ presentations and supplementary notes

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meeting and for their meaningful participation at the meeting.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recoded as part of the minutes.

3. Compliance Mechanism

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

4. Specific events / actions

1. The Company has paid dividend on Preference Shares for financial year 2018-19, aggregating to Rs. 96,44,424/- (including of Rs. 16,44,424 dividend distribution tax).

2. The Company has issued and allotted Non-Convertible Debentures of Rs. 3,745.50 Crore and Sub-debt of Rs. 350 Crore during the year in various tranches. During the year Company redeemed Non-Convertible Debentures worth Rs. 4,705.90 Crore in various tranches and Sub-debt of Rs. 300 Crore.

3. <u>The Company has obtained approval from its Members at its 28th Annual General Meeting held on 22nd July 2019:</u>

   a) To borrow funds for a sum not exceeding Rs. 70,000 Crore (Rupees Seventy Thousand Crore); and
   b) To grant authority for mortgaging or creating charge on the assets of the Company as security towards borrowing for a sum not exceeding Rs. 70,000 Crore

4. (a) Pursuant to the approval of the Board of Directors of the Company at its meeting held on 10th September 2019, a Petition for approval of a Scheme of Arrangement between the Company and Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited) (Demerged Company) was filed before the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT) on 17th October 2019. The NCLT, as a part of the process dispensed with the requirement of the holding of the meetings of the Shareholders and the Creditors of both the Companies and finally sanctioned the Scheme of Arrangement on 13th December 2019 and the Certified copy of the order dated 20.12.2019 was obtained by the Company.

   The Company filed Certified copy of order of NCLT with the Registrar of Companies on 01.01.2020 being the effective date of the Scheme and the Transaction Business of the demerged Company stands transferred and vested into the Resulting Company, on a going concern basis from the "Effective Date".

   Pursuant to the aforesaid Scheme of Arrangement, 58,55,625 equity shares of face value of Rs. 10 each, fully paid of the Company were allotted to the Shareholders of the Demerged Company on 01.01.2020 and accordingly, the paid-up share capital of the Company stands increased to 66,21,00,822 equity shares of Rs. 10 each aggregating to Rs. 6,62,10,08,220 at the end of the audit.

5. A Scheme of Amalgamation of Madura Garments Lifestyle Retail Company Limited and the Company under Section 391 to Section 394 under the provisions of erstwhile Companies Act, 1956, approved by the Hon'ble High Court of Judicature at Ahmedabad on 21.12.2015 and which became effective from 25.01.2016. Pursuant to the Scheme, the Board of Directors of the Company, on 03.02.2016 had allotted 1,00,00,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each, redeemable upon completion of 10 years but before 20 years, from the original date of allotment i.e. 26.03.2009, to Aditya Birla Nuvo Limited. Subsequently, pursuant to the Composite Scheme of Amalgamation between Aditya Birla Nuvo Limited, Grasim Industries Limited and Aditya Birla Capital Limited, the said preference were transferred to Aditya Birla Capital Limited on August 8, 2017.

   On 22nd January 2020, the Company received request from Aditya Birla Capital Limited to redeem the aforesaid Preference shares and accordingly the Company redeemed 1,00,00,000 preference shares of Rs. 10 each aggregating to Rs. 10,00,00,000 out of profits of the Company on 30.01.2020.

K. Venkataraman

Venkataraman K.
Associate Partner
ACS No.:-8897/ COP No.:- 12459
For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
[PR No.:-637 / 2019]
UDIN:- A008897B000318239

Place:- Mumbai
Date:- 04.06.2020

Annexure A to the Secretarial Audit Report for the financial year ended 31st March 2020

To,
The Members,
Aditya Birla Finance Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.

4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.

7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

K. Venkataraman

Venkataraman K.
Associate Partner
ACS No.:-8897/ COP No.:- 12459
For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
[PR No.:-637 / 2019]
UDIN:- A008897B000318239

Place:- Mumbai
Date:- 04.06.2020

RS & MP Associates
Company Secretaries

Office: 26, Orchid Plaza, Behind SBI., R. T. Road, Dahisar (East), Mumbai – 400068;
Tel: 022-28978414 / 28483441; **Email:** rsmp.pcs@gmail.com

SECRETARIAL COMPLIANCE REPORT

of ADITYA BIRLA FINANCE LIMITED for the year ended March 31, 2020

We, RS & MP Associates, Company Secretaries, have examined:

(a) all the documents and records made available to us and explanation provided by **ADITYA BIRLA FINANCE LIMITED** ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended **March 31, 2020** ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - **Not applicable to the Company for the financial year under review**

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **Not applicable to the Company for the financial year under review**

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **Not applicable to the Company for the financial year under review**

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable to the Company for the financial year under review**

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; - **Not applicable to the Company for the financial year under review**

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) There were no actions taken against the listed entity/ its promoters/ directors/ ~~material subsidiaries~~ either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(d) There were no items for which the listed entity was ought to have taken any actions to comply with the observations made in our previous year's Secretarial Compliance Report dated: May 2, 2019.

Additional reporting:

(e) The listed entity has listed Commercial Papers (CPs) on National Stock Exchange of India Limited and on BSE Limited during the review period and based on our examination of all the documents, records and explanation provided to us, the listed entity has complied with the provisions of the Circulars/ guidelines issued thereunder by SEBI from time to time.

For **RS & MP Associates, Company Secretaries**

Unique code No.: P2017MH061400

Rakesh Dhirajlal Sanghani

Digitally signed by Rakesh Dhirajlal Sanghani
Date: 2020.06.04 19:59:01 +05'30'

____

Rakesh Sanghani, Partner
FCS: 7647 **CP No.:** 6302

UDIN: F007647B000315451

Date: June 4, 2020
Place: Mumbai

UDIN: F007647B000315451

Annexure VII

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**

"No one', said Mahatma Gandhiji, 'is free, until everyone, regardless of caste, and creed, is rid of not only discrimination, but also deprivation'. On this 150th Birth Anniversary of the Father of Nation, we reaffirm our pledge to inclusive growth.

Even as the struggle for equality, for dignity and for raising the quality of life of, each and every person in 1.2 billion cohort is still on, every effort is being made to mitigate this issue. The Government has done enormous work and continues to focus on poverty alleviation but we have to do more. Fortunately, social investment, is gaining traction. There is the eco system of investors, entrepreneurs, and enablers, all of whom are significantly engaged, in social impact initiatives. India, is in the midst, of a historic transformation. There is the promise, of the end to poverty by 2022. A decent roof, over every individual's head, and a life of dignity, through sustainable livelihood.

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 for Community Initiatives and Rural Development
e) Dr. Pragnya Ram - Group Executive President, Corporate Communications and CSR
f) Mr. Rakesh Singh – Managing Director & Chief Executive Officer

3. Average Net Profit of the Company for last 3 financial years: Rs 1,074.90 Crore

4. Prescribed CSR expenditure (2% of amount as in item no. 3 above): Rs 21.50 Crore

5. Details of CSR activities / projects undertaken during the year:

a) total amount to be spent for the financial year – Rs 21.54 Crore
b) amount un-spent, if any – Nil
c) manner in which the amount spent during financial year is detailed below:

(Amount in Rs)

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 Sub-heads: 1.Direct expenditure on project or programs 2.Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct / through implementing agency*
1.	Aditya Birla Health Services Ltd	Healthcare	Local area: Maharashtra - Pune & PCMC, Satara, Karad, Phaltan, Wai, Baramati, Kolhapur, Ahmednagar, Narayangoan, Latur, Beed, Jalgaon	4,38,00,000	4,38,00,000	8,76,00,000	Aditya Birla Health Services Ltd. is the implementing agency
2.	Cancer Patients Aid Association	Healthcare	Local area: Maharashtra	115,00,000	115,00,000	287,00,000	Cancer Patients Aid Association is the implementing agency
3.	Army Central Welfare Fund	Education	PAN India	2,50,00,000	2,50,00,000	7,00,00,000	Army Central Welfare Fund is the implementing agency
4.	Gosports Foundation	Promotion of Sports	pan India	1,50,00,000	150,00,000	290,00,000	Gosports Foundation is the implementing agency
5.	Lords Education & Health Society (Wish Foundation)	Healthcare	Local area: Rajasthan, Sawai Madhopur, Baran, Jaipur	1,00,00,000	96,00,000	3,45,86,332	Wish Foundation is the implementing agency
6.	Myrada	Women Empowerment & sustainable livelihood	Local area: Karnataka, Chitradurga	40,00,000	40,00,000	1,63,11,400	Myrada is the implementing agency

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 Sub-heads: 1.Direct expenditure on project or programs 2.Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct / through implementing agency*
7.	The Pride India	Healthcare	Local area: Maharashtra, Osmanabad	40,00,000	40,00,000	1,35,24,000	Pride India is the implementing agency
8.	Don Bosco Tech	Education	Local area: Maharashtra & Madhya Pradesh	1,00,00,000	1,00,00,000	2,09,00,000	Don Bosco Tech is the implementing agency
9.	AGA Khan Rural Support Program (AKRSP)	Education	Local area: Muzaffarpur, Bihar	1,38,00,000	1,38,00,000	1,38,00,000	AKRSP is the implementing agency
10.	Udyogini	Women Empowerment & Sustainable Livelihood	Local area: Jharkhand & Chhattisgarh	1,00,00,000	1,00,00,000	1,00,00,000	Udyogini is the implementing agency
11.	Srijan	Sustainable Livelihood	Local area: Rajasthan, Pali, Udaipur & Karauli	1,67,00,000	1,67,00,000	1,67,00,000	Srijan is the implementing agency
12.	DHAN Foundation	Healthcare	Local Area: Tamil Nadu	1,00,00,000	1,00,00,000	2,99,75,230	DHAN Foundation is the implementing agency
13.	BITS Pilani	Healthcare	Local Area: Rajasthan	1,00,00,000	1,00,00,000	1,00,00,000	BITS Pilani is the implementing agency

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 expenditure up to the reporting period	Amount spent: Direct / through implementing agency*
14.	I - hear Foundation	Healthcare	PAN India	1,10,00,000	1,10,00,000	1,10,00,000	I - hear Foundation is the implementing agency
15.	Action Aid Association	Education	Local Area: Uttar Pradesh	1,00,00,000	1,00,00,000	1,00,00,000	Action Aid Association is the implementing agency
16.	Lila Poonawalla Foundation	Education	Local Area: Maharashtra, Amravati, Wardha, Nagpur City	65,00,000	65,00,000	65,00,000	Lila Poonawalla Foundation is the implementing agency
17.	Samhita Social Ventures Pvt Ltd	Impact Assessment (Overheads)	PAN India	10,00,000	10,00,000	23,85,593	Not applicable
18.	Overheads	-	-		34,79,502	-	
				Total	**21,53,79,502**	**41,09,82,555**	

**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**

   Not applicable as the Company has made full contributions in confirmation with the requirements of the Companies Act, 2013.

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 implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Rakesh Singh

Place: Mumbai	**Rakesh Singh**	**Ashwani Puri**
Date: June 4, 2020	**Managing Director & CEO**	**Chairman – CSR Committee**
	DIN - 07006067	**DIN - 00160662**

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Finance Limited
Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Aditya Birla Finance Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements on the transaction business of Aditya Birla Capital Technology Services Limited (Formerly knowns as Aditya Birla MyUniverse Limited) ('the division') referred to in the other matters section below, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter – Assessment of Covid-19 impact

We draw attention to note 52(f) of the Ind AS financial statement, which describes the uncertainty caused by Novel Coronavirus (Covid-19) pandemic with respect to the Company's estimate of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.
Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial assets (including provision for expected credit loss) *(as described in note 5.1(v) of the Ind AS financial statements)*	
The Company's impairment provision for finance assets (designated at amortised cost and fair value through other comprehensive income) is based on the expected credit loss approach ('ECL') laid down under 'Ind AS 109 Financial instruments'. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and investments. In the process, a significant degree of judgement has been applied by the management for: : • Grouping of borrowers on the basis of homogeneity given the variety of products; • Staging of loans and estimation of behavioral life; • calculation of past default rates; • assigning rating grades to loans for which external rating is not available; • calibrating external ratings/scores - linked probability of default to align with past default rates;	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on moratorium. • We performed tests of details, on a sample basis and inspected the repayment schedule from the underlying borrower agreements and collections made on the due dates which formed the basis of the staging of loans.

Key audit matters	How our audit addressed the key audit matter

• calibrating the loss given default where the impairment provision is calculated on a pool level;
• applying macro-economic factors to arrive at forward looking probability of default;
• significant assumptions regarding the probability of various scenarios and discounting rates for different loan products.
 	
Additional considerations on account of COVID-19
Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 52(f) and Note 53E.
 	
In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has recorded a management overlay of as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of estimation involved in the process of calculating impairment provision, accentuated by the COVID-19 pandemic and considering its significance to the overall Ind AS financial statements, whereby any error or omission in estimation may give rise to a
	• We tested the ECL model and computation for its:
	  • Model/methodology used for various loan products including;
	  • Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics;
	  • Staging of loans based on their past-due status and other loss indicators;
	  • Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by the management along with Management's governance process and documentation of its assumptions;
	  • Basis of floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults;
	
	• We performed test of details of the inputs information used in the ECL computation, on a sample basis.
	
	• We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.
	
	• Performed analytical procedures by determining various ratios or percentage based measures to review overall reasonableness of the estimate determined by the management.
	
	• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic)
	
	• Assessed disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
material misstatement of the Ind AS financial statements, it is considered as a key audit matter.	
IT systems and controls	
The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information received by us comprises the information which we obtained prior to the date to this auditor's report, but does not include the Ind AS financial statements and our auditor's report thereon, and other elements of the Annual Report, which are expected to be made available to us after that date.

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

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

When we read the other elements of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management and the Board of Directors for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information of the division that merged with the Company on January 01, 2020 and is included in the accompanying Ind AS financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 2,561.62 lacs as at March 31, 2020 and the total revenues of Rs. 100.68 lacs for the year ended on that date, total profit after tax of Rs. (1842.94) lacs for the year ended March 31, 2020, total comprehensive income of Rs. (1,852.07) lacs for the year ended March 31, 2020 and net cash inflows of Rs. 7.65 lacs for the year ended March 31, 2020 as considered in the financial statements/information of this division audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this division, is based solely on the report of such other auditors.

Our opinion on the Ind AS financial statements above and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and on the reports obtained from such other auditors and the comparative financial information thereon.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the division, as noted in the 'Other Matter' paragraph 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 purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The report on the accounts of the division of the Company audited under Section 143(8) of the Act by the other auditor have been sent to us and have been properly dealt with by us in preparing this report;

   (d) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (e) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended[1];

   (f) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(i) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 48 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
UDIN: 20048749AAAAIM4072

Place of Signature: Mumbai
Date: June 04, 2020

Annexure 1 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) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and based on the audit procedures performed, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership 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, the Company has not advanced loans to directors / to a company in which the director is interested to which provisions of section 185 of the Companies Act 2013 apply and the provisions of section 186 of the Companies Act 2013 are not applicable to the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax and other statutory dues applicable to it. As explained to us the Company did not have any dues on account of sales-tax, duty of custom, duty of excise and value added tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, good and service tax and other applicable statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As explained to us the Company did not have any dues on account of sales-tax, duty of custom, duty of excise and value added tax.

Annexure 1 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 records of the Company, the dues outstanding of income-tax and service tax dues disputed by the Company, are as follows:

Name of the statute	Nature of Dues	Amount (Rs. in Lacs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demands	10.9	AY 2007-08	DCIT - AO
		3,234.12	AY 2011-12	Income Tax Appellate Tribunal (ITAT)
		189.43	AY 2012-13	
		0.76	AY 2013-14	
		0.49	AY 2014-15	
		0.36	AY 2015-16	
		1,424.28	AY 2017-18	Commissioner of Income Tax (Appeals)
		50.41	AY 2011-12	Assessing Officer (AO)
		47.05	AY 2013-14	
		54.30	AY 2014-15	
Finance Act, 1994 (Service Tax)	Service Tax Demand	131.49	FY 2014-15 to 2017-18	Customs Excise and Service Tax Appellate Tribunal (CESTAT)

*Net of payments made

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

Annexure 1 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")

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(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
UDIN: 20048749AAAAIM4072

Place of Signature: Mumbai
Date: June 04, 2020

Annexure 2 to the Independent Auditor's report of even date on the Ind AS financial statements of Aditya Birla Finance Limited

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aditya Birla Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and obtained by the other auditors of the separate division in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted

Annexure 2 to the Independent Auditor's report of even date on the Ind AS financial statements of Aditya Birla Finance Limited

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

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and taking into consideration the report of the other auditors referred to in the Other Matters paragraph below , the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting with reference to these Ind AS financial statements, insofar as it relates to the one division, is based solely on the corresponding reports of the other auditors that division.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
UDIN: 20048749AAAAIM4072

Place: Mumbai
Date: June 04, 2020

Aditya Birla Finance Limited
Balance Sheet as at 31 March, 2020
(Currency: ₹ in Lakhs)

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
I ASSETS			
1 Financial assets			
Cash and cash equivalents	7	1,83,056.25	5,908.89
Trade and Other Receivables	8	1,601.75	1,074.11
Derivative financial instruments	9	5,408.39	-
Loans	10	45,98,779.59	50,18,832.97
Investments	11	3,34,240.17	1,57,650.71
Other financial assets	12	466.48	2,823.88
2 Non-financial assets			
Current tax assets (net)	13	23,364.88	1,216.88
Deferred tax assets (net)	41	24,058.99	19,639.32
Property, plant and equipments	14	1,953.20	2,177.14
Intangible assets under development	15	4,898.29	1,530.42
Other intangible assets	16	2,481.14	3,019.74
Right of use Lease Assets	17	8,069.45	-
Other non-financial assets	18	9,078.55	6,242.66
Total assets		**51,97,457.13**	**52,20,116.72**
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
Derivative financial instruments	9	0.40	-
Payables			
Trade & Other Payables			
- Micro and small enterprises	19	282.07	277.71
- Other than micro and small enterprises	19	6,253.35	4,666.65
Debt securities	20	17,86,922.93	22,64,856.32
Borrowings (other than debt securities)	21	23,43,844.89	19,66,728.62
Subordinated liabilities	22	2,10,142.09	2,04,455.47
Lease Liability	23	8,909.91	-
Other financial liabilities	24	17,591.86	36,312.48
2 Non-financial liabilities			
Current tax liabilities (net)	25	2,825.65	1,572.15
Provisions	26	9,703.56	8,859.30
Other non-financial liabilities	27	3,165.38	3,667.65
Total liabilities		**43,89,642.09**	**44,91,396.35**
Equity			
Equity share capital	28	66,210.08	66,210.08
Other equity	29 & 30	7,41,604.96	6,62,510.29
Total equity		**8,07,815.04**	**7,28,720.37**
Total liabilities and equity		**51,97,457.13**	**52,20,116.72**

The accompanying notes are forming 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/E300005

per Viren H. Mehta
Partner
Membership No: 048749

Place: Mumbai
Date: 4 June, 2020

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

Ajay Srinivasan
(Director)
(DIN - 00121121)

Rakesh Singh
(Managing Director & Chief Executive Officer)
(DIN - 07006067)

Sanjay Miranka
(Chief Financial Officer)

Ankur Shah
(Company Secretary)

Place: Mumbai
Date: 4 June, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. Mumbai

Aditya Birla Finance Limited
Statement of Profit and Loss for the year ended 31 March, 2020
(Currency: ₹ in Lakhs)

		Particulars	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
		Revenue from operations			
	(i)	Interest income	31	5,64,939.02	5,19,297.44
	(ii)	Dividend income	32	1,924.97	1,100.02
	(iii)	Fee and commission income	33	37,462.16	35,696.40
	(iv)	Net gain on fair value changes	34	15,847.81	5,532.05
(I)		**Total revenue from operations**		6,20,173.96	5,61,625.91
(II)		Other income	35	1,296.07	600.13
(III)		**Total income (I + II)**		6,21,470.03	5,62,226.04
		Expenses			
	(i)	Finance costs	36	3,60,463.51	3,28,754.87
	(ii)	Impairment on financial instruments	37	70,707.00	20,701.24
	(iii)	Employee benefit expenses	38	42,274.69	45,510.84
	(iv)	Depreciation, amortization and impairment	39	4,976.64	2,912.72
	(v)	Other expenses	40	37,757.46	35,003.85
(IV)		**Total expenses**		5,16,179.30	4,32,883.52
(V)		**Profit before exceptional items and tax (III - IV)**		1,05,290.73	1,29,342.52
(VI)		Exceptional items		-	-
(VII)		**Profit before tax (V- VI)**		1,05,290.73	1,29,342.52
(VIII)		Tax expense:			
		(1) Current tax	41	29,136.44	51,816.44
		(2) Deferred tax expenses(credit)	41	(3,793.01)	(5,673.69)
		(3) Prior year adjustments	41	(547.30)	(213.60)
(IX)		**Profit for the year**		80,494.60	83,413.37
(X)		**Other comprehensive income**			
		Items that will not be reclassified to profit or loss			
		Remeasurement gain/(loss) on defined benefit plan		(425.93)	(38.04)
		Income tax impact of above		106.84	16.70
				(319.09)	(21.34)
		Gain/(Loss) on FVTOCI Equity Instrument		(13.89)	62.50
		Income tax impact of above		3.50	(21.84)
				(10.39)	40.66
		Items that will be reclassified to profit or loss			
		Fair Value change on derivatives designated as cash flow hedge		(1,649.32)	-
		Income tax impact on above		415.10	-
				(1,234.22)	-
		Other comprehensive income/(loss) for the year, net of tax		(1,563.70)	19.32
		Total comprehensive income for the year, net of tax		78,930.90	83,432.69
(XI)		**Earnings per equity share**			
		Basic (₹)	42	12.16	12.73
		Diluted (₹)	42	12.16	12.73

The accompanying notes are forming 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/E300005

per Viren H. Mehta
Partner
Membership No: 048749

Place: Mumbai
Date: 4 June, 2020

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

Ajay Srinivasan
(Director)
(DIN - 00121121)

Rakesh Singh
(Managing Director & Chief Executive Officer)
(DIN - 07006067)

Sanjay Miranka
(Chief Financial Officer)

Ankur Shah
(Company Secretary)

Place: Mumbai
Date: 4 June, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. Mumbai

Aditya Birla Finance Limited
Statement of changes in Equity for the year ended 31 March, 2020
(Currency: ₹ in Lakhs)

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	No. in lakhs	₹ in lakhs
As at 1 April, 2018	6,515.32	65,153.21
Issued during the year	105.69	1,056.87
As at 31 March, 2019	6,621.01	66,210.08
Issued during the year	58.56	585.56
Shares pending issuance	(58.56)	(585.56)
As at 31 March, 2020	6,621.01	66,210.08

b. Other Equity

	Reserves and Surplus							Other comprehensive income		
	Special reserve	Securities premium account	Capital Reserve	General Reserve	Equity Component for ESOP issued by Aditya Birla Capital Ltd (Holding Company)	Capital Redemption Reserve	Retained Earnings	Equity instruments through other comprehensive income	Cash Flow Hedge Reserve	Total Other Equity
Balance as at 1 April, 2018	48,810.00	3,32,292.06	(10,452.11)	13,660.95	628.56	-	1,63,977.54	97.67	-	5,49,014.67
Profit for the Year	-	-	-	-	(628.56)	-	83,413.37	-	-	82,784.81
Other comprehensive income	-	-	-	-	-	-	(21.34)	40.66	-	19.32
Total comprehensive Income	-	-	-	-	(628.56)	-	83,392.03	40.66	-	82,804.13
Issue of Share Capital	-	31,446.23	-	-	-	-	-	-	-	31,446.23
Adjustment on account of Merger of Transaction business of demerger of Aditya Birla Capital Technologies Services Limited, ABCTSL (formerly known as Aditya Birla MyUniverse Limited,ABMUL)	-	-	-	-	-	-	(754.74)	-	-	(754.74)
Transfer to/from retained earnings	17,377.79	-	-	-	-	-	(17,377.79)	-	-	-
Balance as at 31 March, 2019	66,187.79	3,63,738.29	(10,452.11)	13,660.95	-	-	2,29,237.04	138.33	-	6,62,510.29
Balance as at 1 April, 2019	66,187.79	3,63,738.29	(10,452.11)	13,660.95	-	-	2,29,237.04	138.33	-	6,62,510.29
Profit for the Year	-	-	-	-	-	-	80,494.60	-	-	80,494.60
Fair Value change on derivatives designated as cash flow hedge	-	-	-	-	-	-	-	-	(1,234.22)	(1,234.22)
On redemption of Preference Share Capital	-	-	-	-	-	1,000.00	(1,000.00)	-	-	-
Adjustment on account of Merger of Transaction business of demerger of Aditya Birla Capital Technologies Services Limited, ABCTSL (formerly known as Aditya Birla MyUniverse Limited,ABMUL)	-	-	-	-	-	-	792.81	-	-	792.81
Other comprehensive income	-	-	-	-	-	-	(319.09)	(10.39)	-	(329.48)
Total comprehensive Income	-	-	-	-	-	1,000.00	79,968.32	(10.39)	(1,234.22)	79,723.71
Transition Reserve created for Ind AS 116	-	-	-	-	-	-	(629.04)	-	-	(629.04)
Transfer to/from retained earnings	16,420.21	-	-	-	-	-	(16,420.21)	-	-	-
Balance as at 31 March, 2020	82,608.00	3,63,738.29	(10,452.11)	13,660.95	-	1,000.00	2,92,156.11	127.94	(1,234.22)	7,41,604.96

The accompanying notes are forming 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/E300005

per Viren H. Mehta
Partner
Membership No: 048749

Place: Mumbai
Date: 4 June, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Ajay Srinivasan
(Director)
(DIN - 00121121)

Rakesh Singh
(Managing Director & Chief Executive Officer)
(DIN - 07006067)

Sanjay Miranka
(Chief Financial Officer)

Ankur Shah
(Company Secretary)

Place: Mumbai
Date: 4 June, 2020

Aditya Birla Finance Ltd. Mumbai

Aditya Birla Finance Limited
Cash Flow statement for the year ended March 31, 2020
(Currency: ₹ in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Operating activities		
Profit before tax	1,05,290.73	1,29,342.52
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortization and impairment	4,976.64	2,912.72
Impairment on financial instruments	70,707.00	20,701.24
Assets written off	-	67.94
Net (Gain) / Loss on fair value changes	(15,847.81)	(5,532.05)
(Gain)/Loss on sale of property, plant and equipment	(1.77)	(7.72)
Finance cost on lease liability	724.94	-
Operating Profit before Working Capital Changes	**1,65,849.73**	**1,47,484.65**
Working capital changes		
Decrease / (Increase) in Loans	3,49,427.46	(8,32,579.05)
(Increase) / Decrease in Trade Receivables	(651.02)	1,555.57
Decrease / (Increase) in Other financial assets	2,357.10	(2,002.97)
(Increase) / Decrease in Other non-financial assets	(3,082.16)	(621.15)
Increase/ (Decrease) in Trade Payables	1,569.77	(1,873.51)
Increase/ (Decrease) in Other financial liabilities	15,128.66	25,670.04
Increase/ (Decrease) in Provisions	469.79	2,254.40
(Decrease) / Increase in Other non-financial liabilities	(510.64)	894.42
	5,30,558.69	(6,59,217.60)
Income tax paid (net of refunds)	(49,508.77)	(53,023.84)
Net cash flows from/(used in) operating activities	**4,81,049.92**	**(7,12,241.44)**
Investing activities		
Purchase of property, plant and equipments	(847.53)	(1,175.10)
Purchase of Intangible assets including assets under development	(4,894.28)	(2,116.44)
Purchase of Long Term Investments	-	(7,242.00)
Sale of Long Term Investments	6,939.60	-
Net (Purchase) / Sale of Short Term Investments	(1,67,695.14)	(10,974.29)
Addition / (Deletion) on Demerger	16.05	(97.38)
Sale of property, plant and equipments	70.82	162.02
Net cash flows from/(used in) investing activities	**(1,66,410.48)**	**(21,443.19)**
Financing activities		
Proceeds from long term borrowings	11,67,850.06	16,25,703.64
Repayment of long term borrowings	(7,54,457.00)	(6,45,938.00)
(Repayment) / Proceeds from short term borrowings	(5,49,352.88)	(2,79,010.52)
Adjustment in Reserves on account of Demerger	792.81	(754.69)
Lease Payments made	(2,325.07)	-
Proceeds from issue of Equity Share Capital	-	1,056.87
Share Premium on proceeds from issue of Equity Share Capital	-	31,446.23
Net cash flows from/(used in) financing activities	**(1,37,492.08)**	**7,32,503.53**
Net increase/(Decrease) in Cash and Cash Equivalents	**1,77,147.36**	**(1,181.10)**
Cash and cash equivalents at 1 April	5,908.89	7,089.99
Cash and cash equivalents at 31 March	**1,83,056.25**	**5,908.89**
Components of cash and cash equivalents		
Balances with banks		
In Fixed Deposits	22,294.66	-
In current accounts	1,60,761.59	5,908.89
Total cash and cash equivalents	**1,83,056.25**	**5,908.89**
Cash Flow from Operations includes:		
Interest Received	**5,68,543.04**	**5,18,968.62**
Interest paid	**3,27,775.18**	**3,12,932.57**
Dividend Received	**1,924.97**	**1,100.02**

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Aditya Birla Finance Ltd.

Aditya Birla Finance Limited
Cash Flow statement for the year ended March 31, 2020
(Currency: ₹ in Lakhs)

Additional disclosure pursuant to Ind AS 7		
Particulars	**Year ended 31 March, 2020**	**Year ended 31 March, 2019**
Opening balance of Debt securities, borrowings (other than debt securities) and subordinated liabilities	**44,36,040.41**	**37,19,462.99**
Cash Flows	(1,35,959.82)	7,00,755.12
Fair Value Changes	8,141.82	-
Interest Accrued on borrowings	32,688.33	15,822.30
Acquisition	(0.83)	-
Closing balance of Debt securities, borrowings (other than debt securities) and subordinated liabilities	**43,40,909.91**	**44,36,040.41**

The accompanying notes are forming 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/E300005

per Viren H. Mehta
Partner
Membership No: 048749

Place: Mumbai
Date: 4 June, 2020

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

Ajay Srinivasan
(Director)
(DIN - 00121121)

Rakesh Singh
(Managing Director & Chief Executive Officer)
(DIN - 07006067)

Sanjay Miranka
(Chief Financial Officer)

Ankur Shah
(Company Secretary)

Place: Mumbai
Date: 4 June, 2020

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. Mumbai

1 Corporate information - Brief description about the Company

Aditya Birla Finance Limited ('ABFL' or 'the Company') is a public company domiciled in India incorporated on 28 August, 1991 under the provisions of the Companies Act, 1956.

The Company is registered with Reserve Bank of India (RBI) as non-deposit taking systematically important Non Banking Financial Company (NBFC) with Registration no.N-01.00500 and is certified as ISO 9001: 2015 for all its Business processes by British Standards Institution (BSI).

The Company is also certified with ISO 27001: 2013 - Information security Management System (ISMS) for Human resource and administration, Information Technology and Internal audit & compliance functions.

The Company is among the leading well-diversified financial services company in India offering end-to-end lending, financing and wealth management solutions to a diversified range of customers across the country.

The Company is one of the wholly owned subsidiary of Aditya Birla Capital Limited and the ultimate parent company is Grasim Industries Limited.

The registered office of the Company is Indian Rayon Compound, Veraval, Gujarat - 362266.

The financial statements were authorised for issue by the Board of Directors on 4 June, 2020.

2 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the Companies (Indian Accounting Standards) Amendment Rules, 2017. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 6 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

3 Presentation of financial statements:

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

4 Statement of compliance:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

5 Significant accounting policies:

5.1 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Classification of financial instruments

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

S.R. BATLIBOI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. ★ Mumbai

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The business model is assessed on the basis of aggregated portfolios based on observable factors. These factors include:

- Reports reviewed by the entity's key management personnel on the performance of the financial assets.
- The risks impacting the performance of the business model (and the financial assets held within that business model) and its management thereof.
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of trades.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The Company also assesses the contractual terms of financial assets on the basis of its contractual cash flow characteristics that are solely for the payments of principal and interest on the principal amount outstanding.
'Principal' is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Sales that are infrequent and insignificant in value both individually and in aggregate are considered to be consistent with the business model whose objective is to hold and collect the contractual cash flows.
The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss.

(ii) Financial assets

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, except in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement - Financial assets measured at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely for the payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in fee and commission income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.
These financial assets comprise bank balances, trade receivables, loans and other financial assets.

Subsequent measurement - Financial assets measured at fair value through other comprehensive income
Debt instruments
A 'debt instrument' is classified as at the Fair Value through Other Comprehensive Income (FVTOCI) if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent Solely Payment of Principal and Interest(SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. Mumbai

Equity Instruments

All equity investments in scope of Ind AS 109 are measured at fair value. For all such equity investments, the Company may make an irrevocable election to present in OCI the subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the Fair Value through Profit or Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

As at reporting date, investment in Birla Management Centre Services Limited is measured at FVTOCI.

Subsequent measurement - Items at fair value through profit or loss

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

At the reporting date, investments other than investment in Birla Management Centre Services Limited are recognised at FVTPL.

(iii) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings including Company overdrafts and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(iv) Recognition and Derecognition of financial assets and liabilities

<u>Recognition:</u>

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers. Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

<u>Derecognition:</u>

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(a) The right to receive cash flows from the asset have expired, or

(b) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(v) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments are measured at amortised cost e.g., loans, debt securities, deposits, and other balances

b) Financial assets that are measured as at FVTOCI

c) Loan commitments which are not measured as at FVTPL

d) Financial guarantee contracts which are not measured as at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The Company has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Company estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset i.e., the difference between the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive are discounted at the effective interest rate of the loan.

The Company groups its loans into Stage 1 and Stage 2, based on the applied impairment methodology, as described below:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

ECL impairment loss allowance (or reversal) during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'Impairment on financial instruments' in the Statement of Profit and Loss. On the other side, for financial assets measured as at amortised cost, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 March, 2020 and accordingly, no amount is required to be transferred to impairment reserve.

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(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(vii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. The Company reserves the right to recover such written off amount. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(viii) Derivative Financial Instruments and Hedge Accounting:

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate and foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

Hedge Accounting : The Company designates certain hedging instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in other equity at that time remains in other equity and is recognised when the forecast transaction is ultimately recognised in Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in the Statement of Profit and Loss.

(ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 5.1 (ii) and (iii)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ► In the principal market for the asset or liability, or
- ► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

5.2 Revenue from operations

(i) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established which is generally when shareholders approve the dividend,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation. Rental Income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

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(v) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 34), held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain/loss in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations in the statement of Profit and Loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain / loss on fair value changes.

Similarly, any differences between the fair values of financial assets classified as fair value through other comprehensive income are disclosed in the OCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

5.3 Expenses

(i) Finance Costs

Finance costs represents Interest expense recognised by applying the EIR to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post employment employee benefit

a) Defined contribution schemes

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. Payments to defined contribution retirement benefit plans are recognised as an expense when employee have rendered the service entitling them to the contribution.

If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined benefit expenses

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 provision in the Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earliest of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss.

▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,

▶ Net interest expense or income.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

(iii) Rent expense

In case of short term leases and leases for which the underlying asset is of low value, the company has elected not to apply the requirements of Ind AS 116 and the lease payments associated with those leases are recognised as rent expense on a straight line basis.

(iv) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in financial statements for the year ended March 31, 2019.

The adoption of this standard has resulted in recognising a right-of-use asset of ₹ 8,562.96 lakhs, a corresponding lease liability of ₹ 9,423.53 lakhs and deferred tax assets created on the same for ₹ 211.56 lakhs by adjusting retained earnings of ₹ 649.01 lakhs as at 1 April, 2019. In the Profit and Loss account for the current year, the nature of expenses in respect of Operating Lease has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly for all contracts as on April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is between the range of 8.00% p.a. to 8.50% p.a. for a period varying from 1 to 10 years.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

(v) Other income and expenses

All Other income and expense are recognized in the period they occur.

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(vi) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(vii) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are expensed in the period in which they occur at amortised cost using Effective Interest Rate (EIR). Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing funds.

(viii) Taxes

Current tax

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss account is recognised either in OCI or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ix) Functional and presentational currency

The financial statements are presented in Indian rupees (rounded to the nearest lakhs) which is determined to be the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

5.4 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at bank and cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

5.5 Property, Plant and Equipments

All items of property, plant and equipments are stated at historical cost, net of accumulated depreciation and impairment loss if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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Depreciation methods, estimated useful lives and residual value

Depreciation on the property, plant and equipments is provided on straight line method using the rates arrived as per estimates made by the management supported by technical assessment which coincides with the useful lives of assets as specified in Schedule II to the Companies Act, 2013, except for the assets specified below. The Company has used the following useful lives of the property, plant and equipments to provide depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life by Company
Office Computers and Electronic Equipments (including Plant & Machinery)	3 Years	4 Years
Vehicles	8 Years	5 Years
Furniture, Fixtures and Other Office Equipments	10 Years	7 Years
Leasehold Improvements	Over the primary period of the lease	3 Years

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

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.

The residual values, useful lives and methods of depreciation of property, plant and equipments are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses if any. Intangible assets are amortised on straight line basis over a period of 3 years.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

5.7 Provisions and Contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5.8 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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5.9 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share.

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary equity holders of Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, inclusive of tax) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

5.10 Segment Reporting

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.

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

5.11 Dividend

The Company recognises a liability to make dividend distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity or Statement of profit or loss account.

5.12 Business Combination under Common Control

A common control business combination, involving entities or businesses in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 'Business Combinations'.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

• The assets and liabilities of the combining entities are reflected at their carrying amounts.

• No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonize significant accounting policies.

• The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

• The identity of the reserves are preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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6.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

6.2 Estimation of defined benefit plans (gratuity benefits)

Refer Note 5.3 (ii)

6.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

6.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 10.

6.5 Provisions other than impairment on loan portfolio and contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

6.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

6.7 Recognition of deferred tax assets for carried forward losses

Refer Note 5.3 (viii)

6.8 Estimation of useful life of property, plant and equipments and intangible assets

Refer note 5.5 and 5.6

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Note 7: Cash and cash equivalents

	As at 31 March, 2020	As at 31 March, 2019
Balances with bank in		
- Fixed Deposits	22,294.66	-
- Current Accounts	1,60,761.59	5,908.89
Total	**1,83,056.25**	**5,908.89**

Note 8: Trade and Other Receivables

As at 31 March, 2020	**Exposure**	**Loss Allowance**	**Net Amount**
Trade receivables			
Considered Good – Secured	-	-	-
Considered Good – Unsecured	1,658.21	(56.46)	1,601.75
Trade Receivables which have significant increase in credit risk	-	-	-
Trade Receivables – credit impaired	203.52	(203.52)	-
Total	**1,861.73**	**(259.98)**	**1,601.75**

As at 31 March, 2019	**Exposure**	**Loss Allowance**	**Net Amount**
Trade receivables			
Considered Good – Secured	-	-	-
Considered Good – Unsecured	1,086.92	(12.81)	1,074.11
Trade Receivables which have significant increase in credit risk	-	-	-
Trade Receivables – credit impaired	227.11	(227.11)	-
Total	**1,314.03**	**(239.92)**	**1,074.11**

Note:
No Trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member.

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Note 8: Trade and Other Receivables (continued)

Trade receivables days past due		0-60 days past due	60-90 days past due	More than 90 days past due	Total
31 March, 2020					
	Total gross carrying amount	1,594.82	34.30	232.61	1,861.73
	ECL-Simplified approach	(10.22)	(17.15)	(232.61)	(259.98)
	Net carrying amount	1,584.60	17.15	-	1,601.75
31 March, 2019					
	Total gross carrying amount	1,061.03	0.10	252.89	1,314.03
	ECL-Simplified approach	(12.55)	-	(227.37)	(239.92)
	Net carrying amount	1,048.48	0.10	25.52	1,074.11

Reconciliation of impairment allowance on trade and other receivables:

Impairment allowance measured as per simplified approach	
Impairment allowance as at 31 March, 2019	(239.92)
(Add) : New assets originated or purchased	(85.84)
Less : Assets derecognised or repaid (excluding write offs)	65.78
Less : Amounts written off	-
Impairment allowance as at 31 March, 2020	**(259.98)**

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Note 9: Derivative financial instruments

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.
The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Interest Rate swaps and currency forward						
- Cross Currency Interest Rate swaps	1,46,367.54	5,408.39	-	-	-	-
- Currency forward	36.11	-	0.40	-	-	-
Total	1,46,403.65	5,408.39	0.40	-	-	-
Part II						
(i) Cash flow hedging						
- Cross Currency Interest Rate swaps	1,46,367.54	5,408.39	-	-	-	-
- Currency forward	36.11	-	0.40	-	-	-
Total	1,46,403.65	5,408.39	0.40	-	-	-

Note 9.1 : Hedging activities and derivatives

The Company is exposed to certain risks relating to its external commercial borrowings. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 52.

Note 9.2 : Derivatives designated as hedging instruments

Cash flow hedges

The Company is exposed to foreign currency risk arising from its External Commercial borrowings amounting to ₹ 1,46,367.54 Lakhs. Interest on the borrowing is payable at a floating rate. The Company economically hedged the foreign currency risk arising from the debt with a 'receive floating pay fixed' cross-currency interest rate swap ('swap'). The notional amount of swap is disclosed in the table below. The swap contract converts the cash outflows of the foreign currency borrowing as per table below to cash outflows in INR with a notional amount of ₹ 1,46,367.54 lakhs at fixed interest rate.

Name of Lender	Foreign Currency Denominated Borrowing Amount	Interest rate type	Notional Amount of swap (₹)	Interest rate swap type
As at 31 March, 2020				
JPY Denominated (in JPY lakhs) (Maturity range : September, 2022 to February, 2023)	1,89,366.25	Floating rate interest	1,24,089.54	Fixed rate interest
USD Denominated (in USD lakhs) (Maturity March, 2023)	300.00	Floating rate interest	22,278.00	Fixed rate interest
Total			1,46,367.54	

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The impact of the hedging instruments on the balance sheet is, as follows

Particulars	Notional Amounts	Carrying Amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31 March, 2020				
Cross currency interest rate swaps	1,46,367.54	5,408.39	Derivative Asset	(1,234.22)
Total	1,46,367.54	5,408.39		(1,234.22)

The impact of hedged items on the balance sheet is, as follows:

Particulars	Change in fair value used for measuring ineffectiveness for the year	Cash flow Hedge Reserve as at 31 March, 2020
As at 31 March, 2020		
Cross currency interest rate swaps	(1,234.22)	(1,234.22)
Total	(1,234.22)	(1,234.22)

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Note 9.2 : Derivatives designated as hedging instruments (contd.)

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

Particulars	Total hedging gain / (loss) recognised in OCI	Ineffective-ness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at 31 March, 2020							
Foreign currency denominated floating rate borrowing	(1,234.22)	-	-	-	-	-	-
Total	(1,234.22)	-	-	-	-	-	-

Note 9.3 : Movements in Cash Flow Hedging Reserve

Particulars	As at 1 April, 2019	Add/Less: Changes in fair value	Add/Less: Foreign exchange Gain / (loss)	Add/Less: Deferred Tax	Add/Less: Accrued interest	As at 31 March, 2020
Cash flow Hedging Reserve	-	5,407.99	(8,141.82)	415.10	1,084.51	(1,234.22)
Total	-	5,407.99	(8,141.82)	415.10	1,084.51	(1,234.22)

Note 9.4 : The following table shows the maturity profile of hedging derivatives based on their notonal amounts.

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
(i) Cross Currency Interest Rate swaps	-	1,46,367.54	-	1,46,367.54	-	-	-	-
(ii) Currency forward	-	36.11	-	36.11	-	-	-	-
Total	-	1,46,403.65	-	1,46,403.65	-	-	-	-

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Note 10: Loans

Particulars	As at 31 March, 2020						As at 31 March, 2019					
	Amortised Cost	At fair value				Total	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account	Sub-total			Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account	Sub-total	
Loans & Advances	46,83,396.67	-	-	-	-	46,83,396.67	50,67,322.21	-	-	-	-	50,67,322.21
Advances to Related Parties (net)	394.98	-	-	-	-	394.98	45.34	-	-	-	-	45.34
Security Deposits	2,954.09	-	-	-	-	2,954.09	1,837.02	-		-	-	1,837.02
Other Advances	186.99	-	-	-	-	186.99	730.40	-	-	-	-	730.40
Total (A) - Gross	46,86,932.73	-	-	-	-	46,86,932.73	50,69,934.97	-	-	-	-	50,69,934.97
Less: Impairment loss allowance	88,153.14	-	-	-	-	88,153.14	51,102.00	-	-	-	-	51,102.00
Total (A) - Net	45,98,779.59	-	-	-	-	45,98,779.59	50,18,832.97	-	-	-	-	50,18,832.97
i) Secured by tangible assets	23,75,241.13	-	-	-	-	23,75,241.13	37,11,921.27	-	-	-	-	37,11,921.27
ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
iii) Covered by bank and government guarantee	1,81,784.92	-	-	-	-	1,81,784.92	24,408.24	-	-	-	-	24,408.24
iv) Secured by book debts, inventories, fixed deposit and other working capital items	13,26,894.17	-	-	-	-	13,26,894.17	4,15,788.97	-	-	-	-	4,15,788.97
v) Unsecured	8,03,012.51	-	-	-	-	8,03,012.51	9,17,816.49	-	-	-	-	9,17,816.49
Total (B) - Gross	46,86,932.73	-	-	-	-	46,86,932.73	50,69,934.97	-	-	-	-	50,69,934.97
Less: Impairment loss allowance	88,153.14	-	-	-	-	88,153.14	51,102.00	-	-	-	-	51,102.00
Total (B) - Net	45,98,779.59	-	-	-	-	45,98,779.59	50,18,832.97	-	-	-	-	50,18,832.97
Loans in India												
i) Public Sector	54,429.24	-	-	-	-	54,429.24	43,219.14	-	-	-	-	43,219.14
ii) Others	46,32,503.49	-	-	-	-	46,32,503.49	50,26,715.83	-	-	-	-	50,26,715.83
Total - Gross	46,86,932.73	-	-	-	-	46,86,932.73	50,69,934.97	-	-	-	-	50,69,934.97
Less: Impairment loss allowance	88,153.14	-	-	-	-	88,153.14	51,102.00	-	-	-	-	51,102.00
Total - Net	45,98,779.59	-	-	-	-	45,98,779.59	50,18,832.97	-	-	-	-	50,18,832.97
Loans outside India	-	-	-	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)	45,98,779.59	-	-	-	-	45,98,779.59	50,18,832.97	-	-	-	-	50,18,832.97

Notes :

1. Sales that are infrequent and insignificant in value both individually and in aggregate are considered to be consistent with the business model whose objective is to hold and collect the contractual cash flows and are disclosed under amortised cost category. The rationale for sale of any loan in amortised category is a business decision pertaining at any particular time.
2. The loan accounts which are written off does not form part of the above loans. However, the entity pursues to recover the written off loans and retains any legal remedies which are available.

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Note 10: Loans

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is as follows:

Loans	As at 31 March, 2020				As at 31 March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of Gross carrying amount	48,73,415.01	1,00,643.74	81,340.04	50,55,398.79	41,55,828.30	44,318.53	38,572.95	42,38,719.78
New assets originated or purchased	13,79,158.14	6,150.89	2,875.65	13,88,184.68	18,89,040.67	12,021.08	5,314.00	19,06,375.75
Assets derecognised or repaid (excluding write offs)	(16,69,786.43)	(46,851.03)	(14,111.14)	(17,30,748.60)	(10,64,272.05)	(12,374.87)	(1,480.42)	(10,78,127.34)
transfers to Stage 1	28,009.53	(26,187.51)	(1,822.02)	-	3,524.00	(1,654.00)	(1,870.00)	-
Transfers to Stage 2	(1,14,942.67)	1,17,879.49	(2,936.82)	-	(59,853.00)	59,853.00	-	-
Transfers to Stage 3	(1,20,961.84)	(29,512.60)	1,50,474.44	-	(50,852.91)	(1,520.00)	52,372.91	-
Amounts written off	-	(446.77)	(33,111.92)	(33,558.69)	-	-	(11,569.40)	(11,569.40)
Closing Balance of Gross carrying amount	43,74,891.74	1,21,676.21	1,82,708.23	46,79,276.18	48,73,415.01	1,00,643.74	81,340.04	50,55,398.79

Stage 1, 2 and 3 Loans includes Interest Accrued but Excludes EIR amounting to ₹ 7,656.55 lakhs (31 March, 2019 : ₹ 14,536.18 lakhs; 1 April, 2018 : ₹ 10,643.58 lakhs).

Reconciliation of ECL balance is given below:

ECL	As at 31 March, 2020				As at 31 March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance of ECL allowance	15,381.54	4,424.65	31,295.81	51,102.00	14,427.82	6,192.09	20,732.52	41,352.43
Increase in new / existing assets originated or purchased	10,960.66	9,096.18	59,689.97	79,746.81	6,067.09	(1,946.44)	25,204.84	29,325.49
Assets derecognised or repaid (excluding write offs)	(5,357.80)	(586.87)	(3,192.31)	(9,136.98)	(4,563.52)	(10.00)	(3,433.00)	(8,006.52)
Transfers to Stage 1	1,753.04	(1,114.18)	(638.86)	-	31.00	(18.00)	(13.00)	-
Transfers to Stage 2	(633.81)	1,193.85	(560.04)	-	(227.00)	227.00	-	-
Transfers to Stage 3	(1,008.82)	(2,068.95)	3,077.77	-	(353.85)	(20.00)	373.85	-
Amounts written off	-	(446.77)	(33,111.92)	(33,558.69)	-	-	(11,569.40)	(11,569.40)
Closing Balance of ECL allowance	21,094.81	10,497.91	56,560.42	88,153.14	15,381.54	4,424.65	31,295.81	51,102.00

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to non-fund based exposures is as follows:

Non-funded exposures	Total Non-fund Exposures (not included in the tables above)				ECL on Non-fund exposures (included in the tables above)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance as on 31 March, 2019	13,738.00	-	-	13,738.00	22.00	-	-	22.00
Net Movement	(8,737.00)	204.00	-	(8,533.00)	(8.00)	8.00	-	-
Closing Balance as on 31 March, 2020	5,001.00	204.00	-	5,205.00	14.00	8.00	-	22.00

Stage 1 represents 'High Grade' internal rating.
Stage 2 represents 'Medium Grade' internal rating.
Stage 3 represents 'Credit-impaired'.

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Note 11: Investments

Particulars	At Amortised Cost	At Fair value			Sub-total	Others	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account			
As at 31 March, 2020							
i) Equity instruments	-	175.68	24.89	-	200.57	-	200.57
ii) Preference Shares	-	-	22,551.00	-	22,551.00	-	22,551.00
iii) PMS Investment	-	-	-	-	-	-	-
iv) Investment in Alternate Funds	-	-	9,221.18	-	9,221.18	-	9,221.18
v) Investment in Debentures	-	-	42,029.37	-	42,029.37	-	42,029.37
vi) Investment in Bonds	-	-	9,365.31	-	9,365.31	-	9,365.31
vii) Investment in Mutual Funds	-	-	2,50,872.74	-	2,50,872.74	-	2,50,872.74
Total Gross (A)	-	**175.68**	**3,34,064.49**	-	**3,34,240.17**	-	**3,34,240.17**
(i) Investments in India	-	175.68	3,34,064.49	-	3,34,240.17	-	3,34,240.17
(ii) Investments outside India	-	-	-	-	-	-	-
Total (B)	-	**175.68**	**3,34,064.49**	-	**3,34,240.17**	-	**3,34,240.17**
Less : Impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net [D= (A)-(C)]	-	**175.68**	**3,34,064.49**	-	**3,34,240.17**	-	**3,34,240.17**
As at 31 March, 2019							
i) Equity instruments	-	189.57	38.94	-	228.51	-	228.51
ii) Preference Shares	-	-	21,407.12	-	21,407.12	-	21,407.12
iii) PMS Investment	-	-	1,685.39	-	1,685.39	-	1,685.39
iv) Investment in Alternate Funds	-	-	15,339.26	-	15,339.26	-	15,339.26
v) Investment in Debentures	-	-	93,892.85	-	93,892.85	-	93,892.85
vi) Investment in Bonds	-	-	25,097.58	-	25,097.58	-	25,097.58
Total Gross (A)	-	**189.57**	**1,57,461.14**	-	**1,57,650.71**	-	**1,57,650.71**
(i) Investments in India	-	189.57	1,57,461.14	-	1,57,650.71	-	1,57,650.71
(ii) Investments outside India	-	-	-	-	-	-	-
Total (B)	-	**189.57**	**1,57,461.14**	-	**1,57,650.71**	-	**1,57,650.71**
Less : Impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net [D= (A)-(C)]	-	**189.57**	**1,57,461.14**	-	**1,57,650.71**	-	**1,57,650.71**

Note:
The Company received dividends of ₹ 1,924.97 lakhs (31 March, 2019: ₹ 1,100.02 lakhs) from its FVTPL securities, recorded as dividend income.

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Note 12: Other financial assets

	As at 31 March, 2020	As at 31 March, 2019
Other Receivables (In the nature of service charges and gratuity receivables)	466.48	2,823.88
Total	**466.48**	**2,823.88**

Note 13: Current tax assets (net)

	As at 31 March, 2020	As at 31 March, 2019
Advance Payment of Taxes (Net of provision for taxation ₹ 79,788.29 lakhs; 31 March, 2019 ₹ 65,584.00 lakhs)	23,364.88	1,216.88
Total	**23,364.88**	**1,216.88**

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Note 14: Property, plant and equipments

Particulars	Building	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
Costs :							
At 1 April, 2018	20.92	1,557.87	74.99	733.50	213.16	328.46	2,928.90
Additions	-	156.93	70.88	653.01	128.98	181.57	1,191.37
Addition / (Deletion) on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	-	57.17	1.85	-	2.66	-	61.68
Disposals	-	110.62	16.76	132.81	17.66	1.43	279.28
At 31 March, 2019	**20.92**	**1,661.35**	**130.96**	**1,253.70**	**327.14**	**508.60**	**3,902.67**
Additions	-	120.39	30.83	485.57	131.51	52.70	821.00
Addition / (Deletion) on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	-	(12.92)	(3.12)	-	(10.52)	-	(26.56)
Disposals	-	585.27	4.56	203.75	16.77	53.28	863.63
At 31 March, 2020	**20.92**	**1,183.55**	**154.11**	**1,535.52**	**431.36**	**508.02**	**3,833.48**
Accumulated Depreciation :							
At 1 April, 2018	0.46	559.61	37.45	131.43	76.73	85.77	891.45
Depreciation charge for the year	0.46	438.11	23.80	229.96	86.38	131.60	910.31
Addition / (Deletion) on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	-	37.15	0.49	-	1.59	-	39.23
Disposals	-	55.56	5.15	41.46	11.86	1.43	115.46
At 31 March, 2019	**0.92**	**979.31**	**56.59**	**319.93**	**152.84**	**215.94**	**1,725.53**
Depreciation charge for the year	0.46	362.21	43.04	303.01	89.53	161.59	959.84
Addition / (Deletion) on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	-	(8.02)	(0.35)	-	(4.08)	-	(12.45)
Disposals	-	584.06	3.84	138.70	12.76	53.28	792.64
At 31 March, 2020	**1.38**	**749.44**	**95.44**	**484.24**	**225.53**	**324.25**	**1,880.28**
Net book value:	-						
At 1 April, 2018	20.46	998.26	37.54	602.07	136.43	242.69	2,037.45
At 31 March, 2019	20.00	682.04	74.37	933.77	174.30	292.66	2,177.14
At 31 March, 2020	19.54	434.11	58.67	1,051.28	205.83	183.77	1,953.20

Notes:

1. Redeemable Non Convertible Debentures are secured by charge on immovable property of the Company.
2. Office Equipments include Gross Assets amounting to ₹ 2.19 lakhs (31 March, 2019 : ₹ 2.19 lakhs) held jointly with Aditya Birla Sun Life Insurance Company Limited.

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Note 15: Intangible assets under development

Particulars	Amount
Costs:	
As at 1 April, 2018	862.25
Additions	1,414.95
Disposals	29.47
Transfers	717.31
As at 31 March, 2019	**1,530.42**
Additions	3,867.87
Disposals	-
Transfers	500.00
As at 31 March, 2020	**4,898.29**

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Note 16: Other intangible assets

Particulars	Amount
Costs:	
At 1 April, 2018	5,444.20
Addition on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	268.60
Additions	1,415.55
Disposals	(148.98)
At 31 March, 2019	**6,979.37**
Additions	1,526.41
Disposals	-
At 31 March, 2020	**8,505.78**
Accumulated amortisation:	
At 1 April, 2018	1,886.82
Addition on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	191.78
Disposals	(121.38)
Amortisation charge for the year	2,002.41
At 31 March, 2019	**3,959.63**
Disposals	-
Amortisation charge for the year	2,065.01
At 31 March, 2020	**6,024.64**
Net book value:	
At 1 April, 2018	3,557.38
At 31 March, 2019	3,019.74
At 31 March, 2020	2,481.14

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Note 17: Right of use Lease Assets

Particulars	Amount
Costs:	
At 1 April, 2018	-
Additions	-
Disposals	-
At 31 March, 2019	-
Opening Balance as on 1 April, 2019	**8,562.96**
Additions	1,432.23
Addition on account of demerger transaction business of ABCTSL (formerly known as ABMUL)	26.05
Disposals	-
At 31 March, 2020	**10,021.24**
Accumulated amortisation:	
At 1 April, 2018	-
Disposals	-
Amortisation charge for the year	-
At 31 March, 2019	-
Disposals	-
Amortisation charge for the year	1,951.79
At 31 March, 2020	**1,951.79**
Net book value:	
At 1 April, 2018	-
At 31 March, 2019	-
At 31 March, 2020	8,069.45

Note 18: Other non-financial assets

	As at 31 March, 2020	As at 31 March, 2019
Deferred lease expenses	81.90	469.29
Prepaid expenses	3,578.77	1,728.72
Capital advances	192.92	166.39
Goods and Service Tax / Service Tax Receivable	3,435.42	2,503.85
Plan Assets of Gratuity Fund	1,789.54	1,316.58
Other non-financial assets	-	57.83
	9,078.55	**6,242.66**

Note 19: Trade & Other Payables

	As at 31 March, 2020	As at 31 March, 2019
- Micro and small enterprises	282.07	277.71
- Other than Micro and small enterprises	6,253.35	4,666.65
	6,535.42	**4,944.36**

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Note 20: Debt securities

	As at 31 March, 2020				As at 31 March, 2019			
	At amortised cost	At fair Value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair Value through profit and loss account	Designated at fair value through profit and loss account	Total
Redeemable non-convertible debentures (Secured)	15,62,929.66	-	-	15,62,929.66	16,28,536.99	-	-	16,28,536.99
Compulsory Convertible Debentures (Unsecured)	3,393.19	-	-	3,393.19	3,113.09	-	-	3,113.09
Commercial papers (Unsecured)	2,20,600.08	-	-	2,20,600.08	6,33,206.24	-	-	6,33,206.24
Total	**17,86,922.93**	-	-	**17,86,922.93**	**22,64,856.32**	-	-	**22,64,856.32**
Debt securities in India	17,86,922.93	-	-	17,86,922.93	22,64,856.32	-	-	22,64,856.32
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**17,86,922.93**	-	-	**17,86,922.93**	**22,64,856.32**	-	-	**22,64,856.32**

Notes :

1. The above amounts are including interest accrued but not due on Debt securities.

2. Redeemable Non-Convertible Debentures are secured by way of mortgage on the immovable property and first pari-passu charge on certain Financial Assets of the Company.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Redeemable Non-Convertible Debentures		
Repayment Terms : Maturing within 1 year, Rate of Interest 7.60% p.a. to 9.50% p.a.	5,97,391.62	5,22,787.16
Repayment Terms : Maturing between 1 to 3 years, Rate of Interest 7.60% p.a. to 9.50% p.a.	5,35,438.04	8,47,165.26
Repayment Terms : Maturing after 3 years, Rate of Interest 8.15% p.a. to 9.40% p.a.	4,30,100.00	2,58,584.57
Total	**15,62,929.66**	**16,28,536.99**
0.10% Compulsory Convertible Debentures(CCD), (Convertible in March, 2023)*	3,393.19	3,113.09
Commercial Papers - Rate of Interest 5.90% p.a. to 7.90% p.a.**	2,20,600.08	6,33,206.24
Total	**17,86,922.93**	**22,64,856.32**

* 1. Each CCD will be convertible into 1 (one) 0.10% Redeemable Non-Convertible Non-Cumulative Preference Shares (RNCNCPS) of Rs.100/- each at premium of Rs. 54 per RNCNCPS at the end of 5 (five) years from the date of its original issue by the Demerged Company i.e. 21/03/2021 or any such time as may be informed in writing at the option of the holder thereof.

* 2. The said RNCNCPS shall be redeemed at premium of Rs. 83 per RNCNCPS at the end of 2 (two) years from the date of conversion i.e. 21/03/2023 or any such time as may be informed in writing at the option of the holder thereof.

**3. Commercial papers shown net of unamortised discounting charges ₹ 4,634.93 lakhs (31 March, 2019 ₹ 7,419.98 lakhs).

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Note 21: Borrowings other than debt securities

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Term Loan from Banks (Secured)	18,62,078.02	-	-	18,62,078.02	15,00,952.42	-	-	15,00,952.42
Cash Credit from Banks (Secured)	35,571.61	-	-	35,571.61	1,86,521.51	-	-	1,86,521.51
External Commercial Borrowings from foreign banks / institutions (Secured)	2,55,986.58	-	-	2,55,986.58	1,03,089.97	-	-	1,03,089.97
Inter Corporate borrowing (Unsecured)	-	-	-	-	7,648.79	-	-	7,648.79
Working capital demand loan from Banks								
Unsecured	-	-	-	-	7,040.07	-	-	7,040.07
Secured	1,90,208.68	-	-	1,90,208.68	1,61,475.86	-	-	1,61,475.86
Total	23,43,844.89	-	-	23,43,844.89	19,66,728.62	-	-	19,66,728.62
Borrowings in India	20,87,858.31	-	-	20,87,858.31	18,63,638.65	-	-	18,63,638.65
Borrowings outside India	2,55,986.58	-	-	2,55,986.58	1,03,089.97	-	-	1,03,089.97
Total	23,43,844.89	-	-	23,43,844.89	19,66,728.62	-	-	19,66,728.62

Note : The above amounts are including interest accrued but not due on borrowings other than debt securities.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Term Loan (Secured by way of first pari-passu charge on the receivables of the Company)		
Repayment Terms : Maturing within 1 year, Rate of Interest 7.60% p.a. to 8.70% p.a.	4,32,832.76	2,22,140.66
Repayment Terms : Maturing between 1 to 3 years, Rate of Interest 7.35% p.a. to 8.95% p.a.	10,56,249.21	7,96,197.82
Repayment Terms : Maturing after 3 years, Rate of Interest 7.75% p.a. to 8.75% p.a.	3,72,996.05	4,82,613.94
Total	18,62,078.02	15,00,952.42
External commercial borrowings (Secured by way of first pari-passu charge on the receivables of the Company)		
Maturing after 3 years, Rate of Interest 6.74 % p.a. to 7.94% p.a. (The effective cost has been calculated basis hedged cost in terms of Foreign Currency Loans, which have been fully hedged for foreign exchange and interest rate fluctuation.)	2,55,986.58	1,03,089.97
Inter Corporate borrowing (Unsecured)	-	7,648.79
Loans repayable on demand		
Cash Credit secured by way of first pari-passu charge on the receivables of the Company	35,571.61	1,86,521.51
Working Capital Demand Loan secured by way of first pari-passu charge on receivables of the Company - Rate of Interest 6.95% p.a. to 8.15% p.a.	1,90,208.68	1,68,515.93
Total	23,43,844.89	19,66,728.62

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Note 22: Subordinated liabilities

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Perpetual debt instruments to the extent they do not qualify as equity instruments								
(i) from banks	-	-	-	-	-	-	-	-
(ii) from other parties	21,108.90	-	-	21,108.90	21,091.52	-	-	21,091.52
Preference shares other than those qualify as equity	66.45	-	-	66.45	1,080.00	-	-	1,080.00
Subordinate debts (Unsecured)	1,88,966.74	-	-	1,88,966.74	1,82,283.95	-	-	1,82,283.95
Total	**2,10,142.09**	-	-	**2,10,142.09**	**2,04,455.47**	-	-	**2,04,455.47**
Subordinate liabilities in India	2,10,142.09	-	-	2,10,142.09	2,04,455.47	-	-	2,04,455.47
Subordinate liabilities outside India	-	-	-	-	-	-	-	-
Total	**2,10,142.09**	-	-	**2,10,142.09**	**2,04,455.47**	-	-	**2,04,455.47**

Note : The above amounts are including interest accrued but not due on subordinated liabilities.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Perpetual Debts 8.70% p.a. (Maturing in July, 2027)	21,108.90	21,091.52
8% Cumulative Redeemable Preference Shares (Principle redeemed on 29 January, 2020, Dividend of ₹ 66.45 lakhs payable as on 31 March, 2020)	66.45	1,080.00
Subordinate Debts - Debentures 8.25% p.a. to 10.60% p.a. (Redeemable from February, 2022 to June, 2029)	1,88,966.74	1,82,283.95
Total	**2,10,142.09**	**2,04,455.47**

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Note 23: Lease Liability

	As at 31 March, 2020	As at 31 March, 2019
Lease liability for right of use assets	8,909.91	-
Total	**8,909.91**	**-**

Note 24: Other financial liabilities

	As at 31 March, 2020	As at 31 March, 2019
Book Overdraft	5,218.66	17,246.15
Margin Money from Customers	1,924.11	6,900.22
Payables for salaries, bonus and other employee benefits	3,693.24	6,642.11
Other Payable	6,755.85	5,524.00
Total	**17,591.86**	**36,312.48**

Note 25: Current tax liabilities (net)

	As at 31 March, 2020	As at 31 March, 2019
Provision for Income Tax (Net of advance tax ₹ 38,345.94 lakhs ; 31 March, 2019 ₹. 50,227.85 lakhs)	2,825.65	1,572.15
Total	**2,825.65**	**1,572.15**

Note 26: Provisions

	As at 31 March, 2020	As at 31 March, 2019
Employee benefit		
- Gratuity	2,657.24	1,847.12
- Provision for compensated absences	1,701.30	1,293.34
- Long term Incentive Plans (LTIP)	5,345.02	5,718.84
Total	**9,703.56**	**8,859.30**

Note 27: Other non-financial liabilities

	As at 31 March, 2020	As at 31 March, 2019
Revenue received in advance	1,748.39	2,360.83
Tax Deducted at Source Payable	403.02	229.15
Goods and Service Tax Payable	755.32	859.10
Other Statutory Dues Payable	258.65	218.57
Total	**3,165.38**	**3,667.65**

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Note 28: Equity share capital

	As at 31 March, 2020	As at 31 March, 2019
Authorised		
1,270,000,000 (March 31, 2019: 1,270,000,000) equity shares of ₹ 10/- each	1,27,000.00	1,27,000.00
Total	1,27,000.00	1,27,000.00
Issued, Subscribed and fully paid up		
662,100,822 (March 31, 2019: 656,245,197) equity shares of ₹ 10/- each	66,210.08	65,624.52
NIL (March 31, 2019 : 58,55,625 equity shares of ₹ 10/- each pending issuance)	-	585.56
Total	66,210.08	66,210.08

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year is as under:

	No. in lakhs	₹ in lakhs
As at 1 April, 2018	6,515.32	65,153.21
Issued during the year	105.69	1,056.87
As at 31 March, 2019	**6,621.01**	**66,210.08**
Issued during the year	58.56	585.56
Shares pending issuance	(58.56)	(585.56)
As at 31 March, 2020	6,621.01	66,210.08

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends 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 equity shares held by the shareholders.

In compliance with appendix C of Ind AS 103 'Business Combination', the Balance Sheet as at 1 April, 2018 and 31 March, 2019 have been prepared as if the business combination w.r.t transaction business of Aditya Birla Capital Technology Services Limited, ABCTSL (formerly known as Aditya Birla My Universe Limited, ABMUL) had occurred from the beginning of the preceding period i.e. 1 April, 2018. Accordingly, share capital issued as consideration on 1 January, 2020, has been considered as Shares pending issuance under Share capital as at 1 April, 2018 and 31 March, 2019.

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Note 28: Equity share capital

Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016
(i) Equity shares of ₹ 10 each, fully paid up, allotted pursuant to the merger scheme for demerger of wealth undertaking of Aditya Birla Money Mart Limited	-	-	-	1,02,77,778	-
(ii) Equity shares of ₹ 10 each, fully paid up, allotted on conversion of 175,000,000 0.01% compulsory convertible cumulative preference shares of ₹ 10 each, fully paid up	-	-	-	1,15,13,158	-
(iii) Equity shares of ₹ 10 each, fully paid up, allotted pursuant to the amalgamation scheme with Madura Garments Lifestyle Retail Company Limited (MGLRCL).	-	-	-	-	5,34,55,883
(iv) Equity shares of ₹ 10 each, fully paid up, allotted pursuant to the Demerger of transaction business of Aditya Birla Capital Technology Services Limited, ABCTSL (formerly known as Aditya Birla My Universe Limited, ABMUL)	58,55,625	-	-	-	-

Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates:

Name of Share holder	As at 31 March, 2020		As at 31 March, 2019	
	Number	₹ In lakhs	Number	₹ In lakhs
Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited), holding company	66,21,00,762	66,210.08	65,62,45,137	65,624.52
	66,21,00,762	**66,210.08**	**65,62,45,137**	**65,624.52**

Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number	% of total paid-up equity capital	Number	% of total paid-up equity capital
Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited), holding company	66,21,00,762	100%	65,62,45,137	100%

NBFC's objectives, policies and processes for managing capital:
For above disclosures Refer Note 50.

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Note 29: Other equity

Special Reserve pursuant to Section 45-IC of the RBI Act, 1934	
At 1 April, 2018	48,810.00
Add: Transfer from surplus balance in the Statement of Profit and Loss	17,377.79
At 31 March, 2019	**66,187.79**
Add: Transfer from surplus balance in the Statement of Profit and Loss	16,420.21
At 31 March, 2020	**82,608.00**
Securities Premium Account	
At 1 April, 2018	3,32,292.06
Add: Additions during the year	31,446.23
At 31 March, 2019	**3,63,738.29**
Add: Additions during the year	-
At 31 March, 2020	**3,63,738.29**
Capital Reserve	
At 1 April, 2018*	(10,452.11)
Add: Other Additions/ Deductions during the year	-
At 31 March, 2019	**(10,452.11)**
Add: Other Additions/ Deductions during the year	-
At 31 March, 2020	**(10,452.11)**

*** consists Capital Reserve of ₹ 8,730.06 lakhs on account of demerger of transaction business of ABCTSL (formerly ABMUL)**

General Reserve	
At 1 April, 2018	13,660.95
Add: Amount transferred from surplus in the statement of profit and loss	-
At 31 March, 2019	**13,660.95**
Add: Amount transferred from surplus in the statement of profit and loss	-
At 31 March, 2020	**13,660.95**
Equity Component for Employee Stock Option Plan issued by Aditya Birla Capital Limited (Holding Company)	
At 1 April, 2018	628.56
Less : Amount transferred to Profit and loss statement	(628.56)
At 31 March, 2019	-
Less : Amount transferred to Profit and loss statement	-
At 31 March, 2020	-
Capital Redemption Reserve	
At 31 March, 2019	-
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,000.00
At 31 March, 2020	**1,000.00**

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Note 29: Other equity

Surplus in Statement of Profit and Loss	
At 1 April, 2018	1,63,977.54
Add: Profit for the year	83,413.37
Less: Appropriations	
Re-measurement reserves on defined benefit plans	(21.34)
Adjustment on account of De-merger of transaction business of ABCTSL (formerly ABMUL)	(754.74)
Transfer to Special Reserve	(17,377.79)
Total appropriations	(18,153.87)
At 31 March, 2019	**2,29,237.04**
Add: Profit for the year	80,494.60
Less: Appropriations	
IND AS 116 Impact - Transition reserve	(629.04)
Re-measurement reserves on defined benefit plans	(319.09)
Transfer to Capital Redemption Reserve	(1,000.00)
Adjustment on account of De-merger of transaction business of ABCTSL (formerly ABMUL)	792.81
Transfer to Special Reserve	(16,420.21)
Total appropriations	(17,575.53)
At 31 March, 2020	**2,92,156.11**
Other Comprehensive Income	
At 1 April, 2018	**97.67**
Add: Additions during the year	40.66
At 31 March, 2019	**138.33**
Add: Additions / (Deletions) during the year	(10.39)
Add: Fair Value change on derivatives designated as cash flow hedge	(1,234.22)
At 31 March, 2020	**(1,106.28)**
Total other equity	
At 1 April, 2018	5,49,014.67
At 31 March, 2019	6,62,510.29
At 31 March, 2020	7,41,604.96

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Note 30: Nature and purpose of reserve

Special Reserve:
Special reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI.

Securities Premium Reserve: Security premium reserve is used to record the premium on the issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital Reserve: Capital reserve refers to difference on account of net assets taken over and purchase consideration paid for merger of wealth management undertaking of Aditya Birla Money Mart Limited with the Company and the difference on account of net assets taken over and purchase consideration paid for merger of transaction business of Aditya Birla Capital Technology Services Limited, ABCTSL (formerly known as Aditya Birla My Universe Limited, ABMUL) undertaking with the Company.

General Reserve: This reserve is created on account of merger of Madura Garments Lifestyle Retail Company Limited (MGLRCL). As per court order, this reserve can be utilised for distribution of dividends.

Capital Redemption reserve : Preference shares of ₹ 1,000 lakhs were redeemed at the ensuing Board meeting held on January 30, 2020. As per the provisions of Companies Act, 2013, the preference shares were redeemed out of the profits of the company and therefore a sum equivalent to the nominal amount of shares redeemed were transferred to capital redemption reserve.

Retained Earnings: Retained earnings refer to the percentage of net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business, or to pay debts.

FVTOCI Equity Investments : The Company has elected to recognise changes in the fair value of certain instruments in equity securities in other comprehensive income. These changes are accumulated with the FVTOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are de-recognised.

Cash flow hedge reserve : The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts and cross currency interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

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Note 31: Interest income

Particulars	For the year ended 31 March, 2020				For the year ended 31 March, 2019			
	On Financial Assets measured at FVTOCI	On Financial Assets measured at Amortised cost	On Financial Assets classified at FVTPL	Total	On Financial Assets measured at FVTOCI	On Financial Assets measured at Amortised cost	On Financial Assets classified at FVTPL	Total
Interest on Loans	-	5,57,426.53	-	5,57,426.53	-	5,09,701.92	-	5,09,701.92
Interest income from investments	-	-	6,871.68	6,871.68	-	-	8,261.99	8,261.99
Interest income from bonds	-	-	640.81	640.81	-	-	1,333.53	1,333.53
Total	-	**5,57,426.53**	**7,512.49**	**5,64,939.02**	-	**5,09,701.92**	**9,595.52**	**5,19,297.44**

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Note 32: Dividend income

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Dividend from Investments (FVTPL)	1,924.97	1,100.02
Total	**1,924.97**	**1,100.02**

Note 33: Fees and commission income

Syndication and Other Fee Income	32,747.44	28,413.95
Brokerage and Commission Income	4,714.72	7,282.45
Total	**37,462.16**	**35,696.40**

Note 34: Net gain on fair value changes

Net gain/ (loss) on financial instruments at fair value through profit or loss		
On Trading portfolio		
- Investments	2,775.90	2,759.04
- Bonds/Mutual Funds	13,071.91	2,773.01
Total	**15,847.81**	**5,532.05**
Fair Value changes:		
- Realised	17,357.14	4,918.24
- Unrealised	(1,509.33)	613.81
Total	**15,847.81**	**5,532.05**

Note 35: Other Income

Sundry Balances written back	376.50	-
Miscellaneous Income (Income tax refund and other income)	721.22	374.59
Other Interest Income-Security Deposit on Amortised Cost	196.58	217.82
Profit on sale of fixed assets (net)	1.77	7.72
Total	**1,296.07**	**600.13**

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Note 36: Finance Costs

Particulars	For the year ended 31 March, 2020			For the year ended 31 March, 2019		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Debt Securities	-	1,76,486.36	1,76,486.36	-	1,78,308.78	1,78,308.78
Borrowings Other than Debt Securities	-	1,65,830.99	1,65,830.99	-	1,33,880.34	1,33,880.34
Subordinated Liabilities	-	17,143.30	17,143.30	-	16,311.41	16,311.41
Finance cost on lease liability	-	724.94	724.94	-	-	-
Others	-	277.92	277.92	-	254.34	254.34
Total	-	3,60,463.51	3,60,463.51	-	3,28,754.87	3,28,754.87

Note 37: Impairment on financial instruments

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument :

Particulars	For the year ended 31 March, 2020			For the year ended 31 March, 2019		
	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total
Bad debts/Advances Written off (net of recoveries)	-	33,577.95	33,577.95	-	12,037.83	12,037.83
Loans	-	37,043.21	37,043.21	-	8,663.41	8,663.41
Trade Receivable	-	85.84	85.84	-	-	-
Total	-	70,707.00	70,707.00	-	20,701.24	20,701.24

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Note 38: Employee benefit expenses

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Salaries and Wages	38,749.07	41,497.30
Contribution to Provident Funds	1,348.04	1,061.72
Contribution to Gratuity Funds	449.83	456.27
Share based payments to Employees	715.86	1,333.53
Staff welfare expenses	1,011.89	1,162.02
Total	**42,274.69**	**45,510.84**

Note 39: Depreciation, amortization and impairment

Depreciation of tangible assets	959.84	910.31
Amortization of intangible assets	2,065.01	2,002.41
Depreciation and amortisation on lease assets	1,951.79	-
Total	**4,976.64**	**2,912.72**

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Note 40: Other expenses

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Rent	2,137.39	4,408.85
Repairs and maintenance		
- Plant and machinery	14.78	11.32
- Others	2,547.09	2,945.05
Communication costs	710.27	522.36
Printing and stationery	443.23	422.73
Advertisement and publicity	274.10	583.04
Directors' fees, allowances and expenses	28.13	26.06
Auditor's fees and expenses*	239.16	119.52
Legal and professional charges	9,571.72	5,238.02
Insurance	617.13	552.53
Travelling and conveyance	2,046.34	2,052.65
Water and Electricity expenses	379.59	429.91
Rates and taxes	796.74	714.49
Contract Service Charges	646.02	688.72
Information Technology Expenses	1,369.82	1,175.12
Business/ Sales Promotion Expenses	213.35	532.45
Postage Expenses	138.99	184.09
Bank charges	706.59	301.35
Brokerage and Commission	10,263.52	9,411.49
Corporate Social Responsibility (CSR) Expenses **	2,153.80	1,108.37
Sub-Brokerage and Fees	365.96	488.71
Recruitment Expenses	298.40	245.60
Miscellaneous expenses	1,795.34	2,841.42
Total	**37,757.46**	**35,003.85**

*Auditor's Fees and Expenses	For the year ended 31 March, 2020	For the year ended 31 March, 2019
As auditor:		
For Statutory Audit (including Limited Review, Internal Control Financial Reporting (ICFR))	78.47	79.06
Tax audit	6.66	6.93
In any other capacity		
For Other Services (including Certification and other services)	142.73	27.25
For Reimbursement of Expenses	11.30	6.28
Total	**239.16**	**119.52**

**Details of CSR Expenses	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Gross amount required to be spent by the Company during the year	2,149.80	1,704.75
b) Amount spent during the year-		
i) Construction/acquisition of any asset	-	-
ii) On purpose other than (i) above	2,153.80	1,108.37
Total	**2,153.80**	**1,108.37**

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Note 41: Income Tax

The components of income tax expense are as under:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Current tax	29,136.44	51,816.44
Adjustment in respect of current income tax of prior years	(547.30)	(213.60)
Deferred tax relating to origination and reversal of temporary differences	(3,793.01)	(5,673.69)
Total tax charge	**24,796.13**	**45,929.15**
Current tax	28,589.14	51,602.84
Deferred tax	(3,793.01)	(5,673.69)

OCI section - Deferred tax related to items recognised in OCI are as under:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Net loss/(gain) on remeasurements	(525.44)	5.14
Income tax expense charged to OCI	**(525.44)**	**5.14**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March, 2020 and 31 March, 2019 are as follows:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Accounting profit before tax	1,05,290.73	1,29,342.52
At India's statutory income tax rate of 25.168% (As at 31 March, 2019 - 34.944%)	26,499.57	45,197.45
Adjustment in respect of current income tax of prior years	(547.30)	(213.60)
Differences other than temporary in nature on account of tax benefits and others	(866.09)	401.03
Income not subject to tax i.e. exempt income	(290.06)	544.26
Income tax expense reported in the statement of profit and loss	**24,796.13**	**45,929.15**
Effective income tax rate for the year	23.55%	35.51%

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI	Transition Reserve
	31 March, 2020	31 March, 2020	31 March, 2020	31 March, 2020	31 March, 2020
Expected Credit Loss Allowances	11,046.96	-	(472.99)	-	-
Employee benefit provisions and other provisions	12,518.30	-	(2,947.28)	(415.10)	(211.56)
Depreciation	493.73	-	(372.75)	-	-
Total	**24,058.99**	-	**(3,793.01)**	**(415.10)**	**(211.56)**
Net	**24,058.99**	-			

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	31 March, 2019	31 March, 2019	31 March, 2019	31 March, 2019
Expected Credit Loss Allowances	10,573.97	-	(3,342.97)	-
Employee benefit provisions and other provisions	8,944.37	-	(2,148.09)	5.14
Depreciation	120.98	-	(182.63)	-
Total	**19,639.32**	-	**(5,673.69)**	**5.14**
Net	**19,639.32**	-		

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Note 42: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Net Profit after Tax	80,494.60	83,413.37
Net Profit after Tax available for equity shareholders	80,494.60	83,413.37
Weighted average number of ordinary shares for basic and diluted earnings per share	66,21,00,822	65,54,88,039
Earnings per share		
Basic earnings per share (₹)	12.16	12.73
Diluted earnings per share (₹)	12.16	12.73

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Note 43: Segment information

The Company is primarily engaged in financing activities. It operates in 3 segments namely financing activities, trading & other activities and wealth and online platform & marketing business and single geographical segment. The Company earned some treasury income, these income have been classified as "Trading Activities" as per requirements of IND AS- 108 on Segment Reporting.

Particulars	31 March, 2020				31 March, 2019			
	Financing Related Activities	Trading activities	Wealth and Online platform & marketing business	Total	Financing Related Activities	Trading activities	Wealth and Online platform & marketing business	Total
Segment Revenue	6,02,749.00	13,712.72	5,008.31	6,21,470.03	5,50,791.47	4,122.39	7,312.18	5,62,226.04
Segment Results (Profit before tax and after interest on financing segment)	1,09,824.28	13,679.64	(2,150.48)	1,21,353.44	1,30,708.92	1,929.90	(4,377.24)	1,28,261.58
Less: Interest on trading activities	-	16,062.71	-	16,062.71	-	1,080.94	-	1,080.94
Net profit before tax	1,09,824.28	(2,383.07)	(2,150.48)	1,05,290.73	1,30,708.92	3,010.84	(4,377.24)	1,29,342.52
Less: Income taxes	-	-	-	24,796.13	-	-	-	45,929.15
Net profit after tax				**80,494.60**				**83,413.37**
Other Information								
Segment Assets	48,88,152.12	2,60,238.05	1,643.09	51,50,033.26	51,68,187.89	25,097.58	5,975.05	51,99,260.52
Unallocated Corporate Assets	-	-	-	47,423.87	-	-	-	20,856.20
Total Assets	**48,88,152.12**	**2,60,238.05**	**1,643.09**	**51,97,457.13**	**51,68,187.89**	**25,097.58**	**5,975.05**	**52,20,116.72**
Segment Liabilities	41,54,852.36	2,19,536.78	15,252.95	43,89,642.09	44,51,625.38	21,413.98	18,356.99	44,91,396.35
Total Liabilities	**41,54,852.36**	**2,19,536.78**	**15,252.95**	**43,89,642.09**	**44,51,625.38**	**21,413.98**	**18,356.99**	**44,91,396.35**
Capital expenditure	5,733.49	-	-	5,733.49	3,136.67	-	2,399.13	5,535.80
Depreciation, Amortization and Impairment	4,562.82	-	413.82	4,976.64	2,364.65	-	548.07	2,912.72
Other non-cash expenses	71,688.87	-	-	71,688.87	24,324.17	-	-	24,324.17

Note :
No Revenue from transactions with a single external customer or counter party amounted to 10% or more of the total revenue of the company in the respective years.

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Note 44: Business Combination under Common Control
Accounting for business combination

Pursuant to the Scheme of Amalgamation sanctioned by the National Company Law Tribunal, on 13th December 2019, the online platform and marketing business ("transaction business") and all assets and liabilities pertaining to the transaction business of Aditya Birla Capital Technology Services Limited, ABCTSL (formerly known as Aditya Birla My Universe Limited, ABMUL), a wholly owned subsidiary company of Aditya Birla Capital Limited has been transferred to and vested in the Aditya Birla Finance Limited against issue of 58,55,625 equity shares.

At the meeting of the Board of Directors held on September 10, 2019, the Board had approved the Scheme of Arrangement under Section 230 – 232 and other applicable provisions of the Companies Act, 2013, for merger of Transaction business of Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited) with the Aditya Birla Finance Limited. The National Company Law Tribunal, bench at Ahmedabad (NCLT) passed an order on 13 December, 2019 approving the Scheme of Arrangement and the Transactions Business Merger Committee at its meeting held on 01 January, 2020 made Scheme effective from 01 January, 2020. Both the companies are wholly owned subsidiaries of Aditya Birla Capital Limited.

The merger qualifies as a 'common control transaction'. Consequently, the merger has been accounted for using the pooling of interest method as per Appendix C to Ind AS 103 'Business Combinations'.
Accordingly, the financial statements for the year ended 31 March, 2019 have been restated as if the business combination had occurred with effect from 01 April, 2018 irrespective of the actual date of acquisition and hence there will be a difference between the audited numbers of the year ended 31 March, 2019 and the reported numbers.

Accounting treatment:
The Company has recorded all the assets, liabilities, and reserves of transaction business of Aditya Birla Capital Technology Services Limited, ABCTSL (formerly known as Aditya Birla My Universe Limited, ABMUL) at their respective book values as appearing in its books as at 01 April, 2018, as shown hereunder :
Accordingly, if the financial statements were not restated, the Net Profit before Tax would have been higher by ₹ 1,574.17 lakhs and ₹ 3,458.94 lakhs for 31 March, 2020 and 31 March, 2019 respectively.

Statement of asset, liabilities and reserves as at 01 April, 2018 transferred pursuant to the business combination:

(₹ in lakhs)

Particulars	Amount
Assets	
Financial Assets	
(a) Cash and Cash Equivalents	0.70
(b) Trade and Other Receivables	399.60
(c) Loans	48.63
Non-Financial Assets	
(a) Current Tax Assets (Net)	86.81
(b) Property, Plant and Equipments	126.17
(c) Intangible Assets under Development	45.21
(d) Other Intangible Assets	432.01
(e) Other Non-Financial Assets	1,631.75
Total Assets	**2,770.88**

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(₹ in lakhs)

Particulars	Amount
Liabilities	
Financial Liabilities	
(a) Payables	
(I) Trade & Other Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	375.89
(b) Borrowings (Other than Debt Securities)	10,451.71
(c) Other Financial Liabilities	303.09
Non-Financial Liabilities	
(a) Provisions	97.83
(b) Other Non-Financial Liabilities	272.42
Total Liabilities	**11,500.94**
Other Equity (other than surplus in statement of profit and loss)	
Capital Reserve	8,730.06
Total Other Equity (other than surplus in statement of profit and loss)	**8,730.06**
Surplus in statement of profit and loss as on 01 April, 2018	-
Less: Cancellation of investment (net of paid up share capital)	-
Total Surplus transferred	-

As per the Scheme of Amalgamation, 58,55,625 equity shares of ₹ 10 each were issued as a consideration to the shareholders of the transferor company for the transfer of transaction business.

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Note 45: Retirement benefit plan

Defined Contribution Plan

The Company makes Provident Fund, Pension Fund, Superannuation Fund, Employee State Insurance Scheme, Maharashtra Labour Welfare Fund, and National Pension Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Particulars	31 March, 2020	31 March, 2019
(i) Contribution to Government Employees Provident Fund	1,196.28	824.64
(ii) Contribution to Government Employees Pension Fund	58.00	233.04
(iii) Contribution to Superannuation Fund	-	0.83
(iv) Contribution to Employees State Insurance Corporation	5.24	3.13
(v) Contribution to Maharashtra Labour Welfare Fund	0.53	0.08
(vi) Contribution to National Pension Scheme	87.99	-

Defined Benefit Plan

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary. The fund is managed by Aditya Birla Sun Life Insurance Company Limited.

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Changes in the defined benefit obligation and fair value of plan assets as at 31 March, 2020 are as under:

		Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							
	1 April, 2019	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience variance	Sub-total included in OCI	Contributions by employer	Transfer in/out	31 March, 2020
Defined benefit obligation	(1,847.12)	(480.67)	(138.87)	(619.54)	72.08	-	1.15	(297.53)	(3.25)	(299.63)	36.97	-	(2,657.24)
Fair value of plan assets	1,316.58	-	99.61	99.61	(65.12)	(56.22)	-	-	-	(56.22)	494.69	-	1,789.54
Benefit / (Liability)	(530.54)	(480.67)	(39.26)	(519.93)	6.96	(56.22)	1.15	(297.53)	(3.25)	(355.85)	531.66	-	(867.70)

(Currency: ₹ in Lakhs)

Changes in the defined benefit obligation and fair value of plan assets as at 31 March, 2019 are as under:

		Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							
	1 April, 2018	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience variance	Sub-total included in OCI	Contributions by employer	Transfer in/out	31 March, 2019
Defined benefit obligation	(1,435.08)	(419.59)	(109.67)	(529.26)	147.51	-	-	(19.75)	(10.54)	(30.29)	-	-	(1,847.12)
Fair value of plan assets	1,315.67	-	100.58	100.58	(182.62)	12.47	-	-	-	12.47	70.48	-	1,316.58
Benefit / (Liability)	**(119.41)**	**(419.59)**	**(9.09)**	**(428.68)**	**(35.11)**	**12.47**	**-**	**(19.75)**	**(10.54)**	**(17.82)**	**70.48**	**-**	**(530.54)**

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31 March, 2020	31 March, 2019
Expected return on Plan assets	6.45%	7.55%
Discount Rate	6.45%	7.55%
Salary Escalation Rate	7.00%	7.00%
Retirement age	60 years	60 years
Mortality rate	Indian Assured Lives mortality (2012-14)	Indian Assured Lives mortality (2006-08)
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	14.00%	14.00%
31 - 40 years	12.60%	12.60%
41 - 50 years	5.60%	5.60%
Above 50 years	2.80%	2.80%

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.

Disaggregation of plan assets:	31 March, 2020	31 March, 2019
Unquoted investments:		
Insurer managed funds (Investments with Aditya Birla Sun Life Insurance Company Limited)	1,789.54	1,316.58
Total	**1,789.54**	**1,316.58**

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A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Discount rate		Salary	
Sensitivity level	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation - (31 March, 2020)	2,515.71	2,810.77	2,809.43	2,515.57
Impact on defined benefit obligation - (31 March, 2019)	1,754.51	1,947.26	1,947.45	1,753.50

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the year.

The following payments are expected contributions to the defined benefit plan in future years:

Expected payment for future years	31 March, 2020	31 March, 2019
Within the next 12 months (next annual reporting period)	170.19	132.08
Between 2 and 5 years	551.19	450.98
Between 6 and 9 years	861.64	663.88
10 years and above	4,614.01	3,572.67
Total expected payments	**6,197.03**	**4,819.61**

The Company expects to contribute ₹ 1,474.80 lakhs (31 March, 2019 : ₹ 927.11 lakhs) to the fund in the next financial year.
The weighted average duration of the defined benefit obligation as at 31 March, 2020 is 11 years (31 March, 2019: 11 years)

Other Long Term Incentive Benefits
Liability for the scheme is determined based on actuarial valuations.

Employee Stock Option Plan (ESOP) by Aditya Birla Capital Limited
Pursuant to ESOP Plan being established by the holding company (i.e. Aditya Birla Capital Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹ 715.86 lakhs (31st March, 2019 ₹ 1,333.53 lakhs) has been recovered from the Company during the year, which has been charged to the Statement of Profit and Loss. The balance sum of ₹ 495.61 lakhs will be recovered in future periods.

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(Currency: ₹ in Lakhs)

Note 46: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	31 March, 2020			31 March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	1,83,056.25	-	1,83,056.25	5,908.89	-	5,908.89
Trade and Other Receivables	1,601.75	-	1,601.75	1,074.11	-	1,074.11
Derivative financial instruments	-	5,408.39	5,408.39	-	-	-
Loans*	13,18,218.67	32,80,560.92	45,98,779.59	16,15,460.70	34,03,372.27	50,18,832.97
Investments	3,24,818.41	9,421.76	3,34,240.17	1,18,990.44	38,660.27	1,57,650.71
Other financial assets	466.48	-	466.48	2,823.88	-	2,823.88
Non-financial Assets						
Current tax asset (net)	-	23,364.88	23,364.88	-	1,216.88	1,216.88
Deferred tax assets (net)	-	24,058.99	24,058.99	-	19,639.32	19,639.32
Property, plant and equipments	-	1,953.20	1,953.20	-	2,177.14	2,177.14
Intangible assets under development	-	4,898.29	4,898.29	-	1,530.42	1,530.42
Other intangible assets	-	2,481.14	2,481.14	-	3,019.74	3,019.74
Right of use Lease Assets	-	8,069.45	8,069.45	-	-	-
Other non financial assets	8,297.67	780.88	9,078.55	3,546.91	2,695.75	6,242.66
Total assets	**18,36,459.23**	**33,60,997.90**	**51,97,457.13**	**17,47,804.93**	**34,72,311.79**	**52,20,116.72**
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	0.40	0.40	-	-	-
Trade payables	6,535.42	-	6,535.42	4,944.36	-	4,944.36
Debt Securities	8,18,326.73	9,68,596.20	17,86,922.93	11,55,843.96	11,09,012.36	22,64,856.32
Borrowings (other than debt security)	6,61,511.32	16,82,333.57	23,43,844.89	5,92,868.80	13,73,859.82	19,66,728.62
Subordinated Liabilities	10,738.50	1,99,403.59	2,10,142.09	39,170.68	1,65,284.79	2,04,455.47
Lease liabilities	2,389.40	6,520.51	8,909.91	-	-	-
Other Financial liabilities	17,591.86	-	17,591.86	35,415.88	896.60	36,312.48
Non-financial Liabilities						
Current tax liabilities (net)	2,825.65	-	2,825.65	1,572.15	-	1,572.15
Provisions **	9,294.83	408.73	9,703.56	6,154.82	2,704.48	8,859.30
Other non-financial liabilities	3,165.38	-	3,165.38	3,662.29	5.36	3,667.65
Total Liabilities	**15,32,379.09**	**28,57,263.00**	**43,89,642.09**	**18,39,632.94**	**26,51,763.41**	**44,91,396.35**

* Stage 3 loans have been considered in after 12 months bucket.

** The amount of provision in the after 12 months bucket is based on the estimate of actual payment.

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Note 47: Change in liabilities arising from financing activities

Particulars	As at 1 April, 2019	Cash Flows	Other(Non-Cash)	As at 31 March, 2020
Debt Securities	22,64,856.32	(5,08,013.70)	30,080.31	17,86,922.93
Borrowings other than debt securities	19,66,728.62	3,66,575.49	10,540.78	23,43,844.89
Subordinate Liabilities	2,04,455.47	4,288.65	1,397.97	2,10,142.09
Total liabilities from financing activities	**44,36,040.41**	**(1,37,149.56)**	**42,019.06**	**43,40,909.91**

Particulars	As at 1 April, 2018	Cash Flows	Other(Non-Cash)	As at 31 March, 2019
Debt Securities	20,65,283.70	2,12,711.52	(13,138.90)	22,64,856.32
Borrowings other than debt securities	14,65,024.29	4,83,783.28	17,921.05	19,66,728.62
Subordinate Liabilities	1,78,703.29	-	25,752.18	2,04,455.47
Total liabilities from financing activities	**37,09,011.28**	**6,96,494.80**	**30,534.33**	**44,36,040.41**

Note : The above amounts are including interest accrued but not due.

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Note 48: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
Disputed Income Tax Liability*	5,012.08	4,010.42
Disputed Service Tax Liability**	131.49	502.00
Claims against the Company not acknowledged as debts***	512.00	512.00
Corporate guarantees given by the Company on behalf of the clients****	1,189.06	1,267.93
Letter of comfort given by the Company on behalf of clients****	2,901.96	7,297.32
Total	**9,746.60**	**13,589.67**

*** Disputed Income Tax Liability**

Particulars	As at 31 March, 2020	As at 31 March, 2019
Disallowances of Depreciation on Intangibles, Disallowance of Expenses, Disallowance under Section 14A, Disallowance of Dividend under Section 10(33)	232.48	580.05
Disallowances of exceptional losses of Wealth Business	3,234.12	3,234.12
Interest on Non Performing Assets (NPA)	1,545.48	151.76
Disallowance of Leave Encashment under Section 43B	-	44.49
Total	**5,012.08**	**4,010.42**

** (i) Show Cause Notice F. No. ST/Audit-III/Gr.i/ABF/SCN/739/2015-16/4587 dated 15 October 2015 was issued to the Company seeking to recover, inter alia, CENVAT Credit of ₹ 120.44 lakhs under Rule 14 of the CENVAT Credit Rules, 2004 (hereinafter referred to as "CCR") along with interest of ₹ 129.63 lakhs (as applicable) and imposition of penalties of ₹ 120.44 lakhs under the extant provisions of CCR of the Finance Act, 1994. Subsequently, the Company had opted for the Sabka Vishwas (Legacy Dispute Resolution Scheme), 2019 and our application has been accepted by the Members of the Designated Committee on 21 February, 2020. Accordingly, the said case has been settled by paying an amount of ₹ 60.21 lakhs and the Company has received the Discharge Certificate for Full and Final Settlement of Tax Dues towards the said case.

**(ii) Show Cause cum demand Notice No. ST/Audit-III/P-3/Gr-7/Aditya Birla/SCN/2016 dated 09 May, 2017 was issued to the Company demanding Service Tax of ₹ 69.84 lakhs on penal/ default interest.

**(iii) Show Cause cum demand Notice No. 20/GST/ME/Aditya Birla/ADC/2018-19 dated 26.07.2018 was issued to the Company demanding Service Tax of ₹ 61.65 lakhs on penal interest.

*** The claims against the Company comprise of the following :
Two of the Company clients have filed the Claim Petition as per High Court Order dated 27 October, 2009 for an amount of ₹ 512 lakhs (31 March, 2019: ₹ 512.00 lakhs) along with damages with interest. The matter is pending before Arbitrator.

**** Represents the limit utilized by client of the Guartantee / Letter of Comfort given by the Company.

(B) Commitments
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 5,958.89 lakhs (31 March, 2019: ₹ 2,508.88 lakhs).

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(C) Lease Disclosures

(i) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Amount
Balance as at 1st April, 2019	8,562.96
Additions	1,432.23
Deferred Rent Lease Expense	26.05
Depreciation	(1,951.79)
Balance as at 31st March, 2020	8,069.45

(ii) Amounts recognised in profit and loss for the year ended 31 March, 2020

Particulars	Amount
Depreciation expense on right-of-use assets	1,951.79
Interest expense on lease liabilities	724.94
Expense relating to short-term leases	561.07
Expense relating to leases of low value assets	1,576.32
Expense relating to variable lease payments not included in the measurement of the lease liability	-
Income from subleasing right-of-use assets	284.33
Gains or losses arising from sale and leaseback transactions	-

(iii) The Maturity analysis of lease liabilities as at 31 March, 2020 :

Particulars	Amount
Within 12 months	2,389.40
After 12 months	6,520.51
Total	**8,909.91**

(iv) The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	Amount
Balance as at 1st April, 2019	9,423.53
Additions	1,086.51
Additions through Business Combinations	-
Deletions on account of De-merger	-
Finance Cost accrued during the year	724.94
Payment of Lease Liabilities	(2,325.07)
Balance as at 31st March, 2020	8,909.91

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(v) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	2,335.88
One to Five years	6,188.80
More than Five years	2,275.81
Total	**10,800.49**

(vi) Impact on Financial Statements

The adoption of the standard has resulted in recognising a right-of-use asset of ₹ 8,562.96 lakhs, a corresponding lease liability of ₹ 9,423.53 lakhs and deferred tax assets created on the same for ₹ 211.56 lakhs by adjusting retained earnings of ₹ 649.01 lakhs as at 1 April, 2019. In the Profit and Loss account for the current year, the nature of expenses in respect of Operating Lease has changed from lease rent in previous periods to depreciation cost for the right-to -use asset and finance cost for interest accrued on lease liability.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at March 1, 2019. The weighted average rate applied ranges between 8.10% p.a. - 8.50 % p.a..

A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 01, 2019 is provided below:

Operating lease commitments disclosed as at 31 March, 2019	648.39
Discounted using the incremental borrowing rate at 01 April, 2019	1,013.13
Discounted value of additional uncommitted leases as at 01 April, 2019	8,410.40
(Less): short-term leases recognized on a straight-line basis as expense	-
(Less): low-value leases recognized on a straight-line basis as expense	-
(Less): components of contracts reassessed as service agreements	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
Add/(less): residual value guarantees	-
Discounting using the Company's incremental borrowing rate	-
Lease liabilities recognized as at 01 April, 2019	**9,423.53**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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Note 49: Related party disclosures

I)List of Related Parties as per IND AS -24 with whom transactions have taken place during the year:

(A) Ultimate Holding Company:
Grasim Industries Limited (Ultimate Holding Company)

(B) Holding Company:
Aditya Birla Capital Limited (Holding Company)

(C)Subsidiaries / Fellow Subsidiaries:
Fellow Subsidiaries
Aditya Birla Capital Technology Services Limited, ABCTSL (Formerly Known as Aditya Birla MyUniverse Limited, ABMUL)
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)
Aditya Birla Sun Life Insurance Company Limited (ABSLICL)
Aditya Birla Sun Life Asset Management Company Limited (ABSAMCL)
Aditya Birla Housing Finance Limited (ABHFL)
Aditya Birla ARC Limited (ABARCL)
Aditya Birla PE Advisors Private Limited (ABPEAPL)
Aditya Birla Health Insurance Company Limited (ABHICL)
Ultratech Cement Limited (UCL)
Aditya Birla Commodities Broking Limited (ABCBL)
ABCSL Employee Trust
Aditya Birla Special Situations Fund - I

(D) Other related parties in which Directors of Ultimate Holding Company are interested
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)

(E) Joint Venture/Associates
Aditya Birla Idea Payments Bank Limited
Vodafone Idea Limited (formerly known as Idea Cellular Limited, associate of Ultimate Holding Company upto 31 August, 2018)

(F)Key managerial personnel
Mr. Rakesh Singh (CEO upto July 22, 2019 and Managing Director & CEO w.e.f. July 23, 2019)
Mr. Sekhar Mosur (Manager upto July 22, 2019)
Mr. D J Kakalia
Mr. Jitender Balakrishnan
Mr. Ashwani Puri
Ms. Alka Bharucha
Mr. Baldev Raj Gupta
Mr. S C Bhargava (appointed w.e.f. January 25, 2019)
Mrs. Vijayalakshmi Iyer (resigned w.e.f. November 16, 2018)

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Note 49 Related Party Disclosures *(Continued)*

II)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 March, 2020	31 March, 2019
Holding Company		
Reimbursement of Administrative expenses		
Aditya Birla Capital Limited	620.10	666.42
Interest expenses		
Aditya Birla Capital Limited	66.45	82.40
Reimbursement of Rent expenses		
Aditya Birla Capital Limited	47.36	157.49
Reimbursement of Legal and Professional expenses		
Aditya Birla Capital Limited	148.16	230.04
Reimbursement of Employee cost		
Aditya Birla Capital Limited- ESOP	715.29	1,341.00
Aditya Birla Capital Limited- OCI	57.87	(4.06)
Aditya Birla Capital Limited	2,443.01	3,551.85
Employee Cost Recovered		
Aditya Birla Capital Limited	-	27.42
Purchase of Asset Gross Value		
Aditya Birla Capital Limited	-	18.42
Issue of Equity Share Capital		
Aditya Birla Capital Limited	585.56	1,056.87
Issue of Inter-corporate Deposits (ICD)		
Aditya Birla Capital Limited	1,568.72	3,455.38
Share Premium on issue of equity share capital		
Aditya Birla Capital Limited	-	31,446.23
Interest on Debentures		
Aditya Birla Capital Limited	880.44	771.22
Redemption of Preference Share Capital		
Aditya Birla Capital Limited	1,000.00	-
Preference Share Capital Outstanding		
Aditya Birla Capital Limited	66.45	1,080.00
Paid up Equity Share Capital Outstanding (excluding shares pending issuance)		
Aditya Birla Capital Limited	66,210.08	65,624.52
Equity Share Premium Outstanding		
Aditya Birla Capital Limited	3,21,096.08	3,21,096.08
ICD Outstanding		
Aditya Birla Capital Limited	-	7,648.79
Repayment of ICD		
Aditya Birla Capital Limited	8,754.00	-
Payable		
Aditya Birla Capital Limited (Debenture) (Long term borrowings)	3,393.19	3,113.09
Aditya Birla Capital Limited (Trade Payables)	503.85	252.11
Receivable		
Aditya Birla Capital Limited	3.52	8.90

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Note 49 Related Party Disclosures (Continued)

Particulars	31 March, 2020	31 March, 2019
Remuneration of Key Management Personnel		
Mr. Rakesh Singh (CEO upto July 22, 2019 and Managing Director & CEO w.e.f. July 23, 2019)	1,520.80	942.84
Mr. Sekhar Mosur (Manager upto July 22, 2019)	91.66	182.76
Fellow Subsidiaries		
Brokerage		
Aditya Birla Money Limited	142.42	128.40
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	-	12.25
Reimbursement of Administrative expenses		
Aditya Birla Money Limited	0.53	0.87
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	10.31	1.14
Aditya Birla Sun Life Insurance Company Limited	0.43	2.13
Aditya Birla Insurance Brokers Limited	-	1.19
Aditya Birla Financial Shared Services Limited	1,318.32	1,100.25
Aditya Birla Housing Finance Limited	252.74	324.01
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	563.42	256.07
Aditya Birla Health Insurance Company Limited	16.81	16.60
Telephone/Internet Expenses		
Vodafone Idea Limited (Associate of ultimate parent company upto 31 August, 2018)	-	5.14
Custodian Charges Expenses		
Aditya Birla Money Limited	11.47	40.33
Interest expenses		
Aditya Birla Sun Life Insurance Company Limited	2,683.30	2,130.28
Reimbursement of Rent expenses		
Aditya Birla Money Limited	3.79	6.94
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	147.04	32.57
Aditya Birla ARC Limited	14.03	-
Aditya Birla Sun Life Insurance Company Limited	282.33	290.49
Aditya Birla Sun Life Insurance Company Limited Notional Interest expense	13.24	6.35
Aditya Birla Sun Life Insurance Company Limited Operating Lease Expenses	12.73	6.36
Aditya Birla Financial Shared Services Limited	18.30	48.70
Aditya Birla Housing Finance Limited	118.49	189.28
Reimbursement of Legal and Professional expenses		
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	775.34	188.12
Aditya Birla Sunlife Asset Management Company Limited	5.60	-
Aditya Birla Financial Shared Services Limited	434.01	244.40
Reimbursement of Employee cost		
Aditya Birla Money Limited	241.16	216.24
Aditya Birla Money Insurance Advisory Services Limited	18.83	-
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	1.45	7.25
Aditya Birla ARC Limited	9.36	1.73
Ultratech Cement Limited	-	9.01
Aditya Birla Stressed Asset AMC Pvt Ltd	13.96	-
Aditya Birla Financial Shared Services Limited	611.20	609.86
Aditya Birla Financial Shared Services Limited - Other Comprehensive Income (OCI)	12.21	16.15
Aditya Birla Housing Finance Limited	32.09	37.38
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	1,599.54	265.18
Aditya Birla Sunlife Insurance Company Limited	0.46	-
Aditya Birla Sunlife Asset Management Company Limited	9.73	4.53
Insurance Premium Paid		
Aditya Birla Health Insurance Company Limited	36.00	89.96
Interest Income		
Vodafone Idea Limited (Associate of ultimate parent company upto 31 August, 2018)	-	170.52
ESOP Expenses		
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	0.57	-
Aditya Birla Money Limited	-	0.75
Aditya Birla Sunlife Asset Management Company Limited	-	0.27

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Note 49 Related Party Disclosures (Continued)

Particulars	31 March, 2020	31 March, 2019
Director Sitting fees		
Mr. D J Kakalia	5.80	4.40
Mr. Jitender Balakrishnan	4.30	3.70
Mr. Ashwani Puri	4.85	4.15
Ms. Alka Bharucha	1.00	1.00
Mrs. Vijayalakshmi Iyer (resigned w.e.f. November 16, 2018)	-	2.20
Mr. S C Bhargava (appointed w.e.f. January 25, 2019)	2.50	0.50
Mr. Baldev Raj Gupta	2.50	2.50
Employee cost recovered		
Aditya Birla Money Limited	-	12.33
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	6.93	0.51
Aditya Birla ARC Limited	114.48	146.82
Aditya Birla Sun Life Insurance Company Limited	32.09	0.27
Aditya Birla Sunlife Asset Management Company Limited	3.03	8.70
Aditya Birla Money Mart Limited	-	0.44
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	1.53	1.86
Aditya Birla Housing Finance Limited	964.78	-
Aditya Birla Insurance Brokers Limited	1.59	-
Aditya Birla Financial Shared Services Limited	21.34	0.84
Referral Fees Income		
Aditya Birla Idea Payment Bank Ltd	-	0.84
Aditya Birla Money Limited	45.45	41.08
Legal and Professional expenses recovered		
Aditya Birla Financial Shared Services Limited	63.02	-
Aditya Birla Housing Finance Limited	4.50	1.50
Brokerage Income		
Aditya Birla Money Limited	220.34	633.31
Aditya Birla Housing Finance Limited	6.26	-
Aditya Birla Sunlife Asset Management Company Limited	40.97	108.20
Rent recovered		
Aditya Birla Money Limited	-	3.55
Aditya Birla Money Insurance Advisory Services Limited	19.85	2.12
Aditya Birla Insurance Brokers Limited	8.24	0.48
Aditya Birla Sunlife Asset Management Company Limited.	72.94	73.74
Aditya Birla Money Mart Limited	-	0.48
Aditya Birla Housing Finance Limited	174.73	172.33
Advertisement Income		
Aditya Birla Sunlife Insurance Company Limited.	50.00	-
Recovery of ESOP Expenses		
Aditya Birla Financial Shared Services Limited	-	0.66
Administrative Income		
Aditya Birla Money Limited	-	2.18
Aditya Birla Money Insurance Advisory Services Limited	13.14	2.96
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	5.65	7.14
Aditya Birla Insurance Brokers Limited	-	3.79
Aditya Birla Sunlife Insurance Company Limited	-	1.00
Aditya Birla Sunlife Asset Management Company Limited	-	1.74
Aditya Birla Money Mart Limited	-	0.68
Aditya Birla Financial Shared Services Limited	1.27	5.86
Aditya Birla Housing Finance Limited	224.16	229.90
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	-	1.02

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Note 49 Related Party Disclosures (Continued)

Particulars	31 March, 2020	31 March, 2019
Sale of assets		
Aditya Birla ARC Limited	4.91	-
Aditya Birla Money Limited	-	5.18
Aditya Birla Housing Finance Limited	7.17	-
Aditya Birla Financial Shared Services Limited	-	49.02
Aditya Birla Sunlife Asset Management Company Limited.	-	11.38
Purchase of assets		
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	-	0.02
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	0.25	-
Aditya Birla Housing Finance Limited	4.02	-
Aditya Birla Sun Life Insurance Company Limited	4.78	22.17
Issue of Non-convertible Debentures (NCDs)		
Aditya Birla Sun Life Insurance Company Limited	-	15,000.00
Redemption of NCDs		
Aditya Birla Sun Life Insurance Company Limited	1,500.00	-
Investment in fund made		
Aditya Birla Special Situations Fund - I	21.74	-
Redemption from investment		
Aditya Birla Special Situations Fund - I	15.49	-
Prepaid Expenses		
Aditya Birla Health Insurance Company Limited	115.97	-
Aditya Birla Financial Shared Services Limited	46.40	57.90
Redeemable NCDs		
Aditya Birla Sun Life Insurance Company Limited	29,479.96	30,977.17
Interest accrued on NCDs		
Aditya Birla Sun Life Insurance Company Limited	1,332.45	1,444.04
Investment in fund outstanding		
Aditya Birla Special Situations Fund - I	6.25	-
Payable		
Aditya Birla ARC Limited	0.63	-
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	-	0.56
Aditya Birla Insurance Brokers Limited	-	1.16
Aditya Birla Sun Life Insurance Company Limited	45.44	29.93
Aditya Birla Financial Shared Services Limited	483.49	312.80
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	390.16	431.75
Aditya Birla Sunlife Asset Management Company Limited	15.77	-
Aditya Birla Health Insurance Company Limited	9.91	4.63
Receivable		
Aditya Birla Money Limited	44.19	4.79
Aditya Birla Financial Shared Services Limited	-	32.38
Aditya Birla Sunlife Insurance Company Limited	-	1.81
Aditya Birla Insurance Brokers Limited	2.59	-
Aditya Birla Money Insurance Advisory Services Limited	34.55	5.91
Aditya Birla Housing Finance Limited	236.21	22.55
Aditya Birla ARC Limited	-	9.76
Aditya Birla Sun Life Assets Management Company Limited	-	11.89
Aditya Birla Health Insurance Company Limited	-	1.81
Aditya Birla Money Mart Limited	3.47	3.47
Aditya Birla Capital Technology Services Ltd (Formerly Known as Aditya Birla MyUniverse Limited)	75.03	-
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	-	0.56
ABCSL Employee Trust	-	0.09

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Notes to the Financial Statements (continued)
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Note 49 Related Party Disclosures (Continued)

Particulars	31 March, 2020	31 March, 2019
Security Deposit Receivable		
Aditya Birla Management Corporation Private Limited (w.e.f. 1 January, 2019)	1,015.76	127.76
Aditya Birla Sun Life Insurance Company Limited Deferred Lease Asset on Security Deposit	-	6.36
Aditya Birla Sun Life Insurance Company Limited	88.30	81.41
Other Transaction- Advance paid for Expenses		
Aditya Birla Health Insurance Company Limited	-	13.99
Other Transaction- Advance receivable for Expenses		
Aditya Birla Housing Finance Limited	-	79.03

Notes:-

a)The related party relationships have been as identified by the management on the basis of the requirements of the Indian Accounting Standard IND AS–24 'Related Party Disclosures' and the same have been relied upon by the Auditors.

b)The relationships disclosed above are for the entities where control exists / existed and with whom transactions have taken place during the year and the previous year.

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Note 50: Capital

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. As per the RBI guidelines, Company being a Non Banking Finance Company has to maintain 15% of capital adequacy ratio.

The actual Capital Adequacy Ratio is as under:

Particulars	31 March, 2020	31 March, 2019
Capital Adequacy Ratio	19.08%	17.45%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2020 and 31 March, 2019.

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Note 51: Fair value measurement

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below :

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair Value Hierarchy of assets and liabilities-

Fair Value measurement-

I. The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2020 is as follows:
Assets valued at fair value on a recurring basis

Particulars	Fair Value through profit and loss					
	Carrying Value	Fair Value	Level-1	Level-2	Level-3	Total
Quoted Investments						
MOIL Limited	24.89	24.89	24.89	-	-	24.89
Preference Share						
TATA Motors Finance Limited (formerly known as Sheba Properties Limited) (8.20 % Compulsory Convertible Cumulative Preference Shares)	22,551.00	22,551.00	-	-	22,551.00	22,551.00
Other Investments						
PMS Investment	-	-	-	-	-	-
Investment in Alternate Funds	9,221.18	9,221.18	-	9,221.18	-	9,221.18
Investment in Debt Securities	42,029.37	42,029.37	42,029.37	-	-	42,029.37
Bonds	9,365.31	9,365.31	9,365.31	-	-	9,365.31
Mutual Fund	2,50,872.74	2,50,872.74	2,50,872.74	-	-	2,50,872.74
Derivative financial instruments (net)	5,407.99	5,407.99	-	5,407.99	-	5,407.99

Particulars	Fair Value through other comprehensive income					
	Carrying Value	Fair Value	Level-1	Level-2	Level-3	Total
Equity Share						
Birla Management Centre Services Limited	175.68	175.68	-	-	175.68	175.68

II. The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2019 is as follows:
Assets valued at fair value on a recurring basis

Particulars	Fair Value through profit and loss					
	Carrying Value	Fair Value	Level-1	Level-2	Level-3	Total
Quoted Investments						
MOIL Limited	38.94	38.94	38.94	-	-	38.94
Preference Share						
TATA Motors Finance Limited (formerly known as Sheba Properties Limited) (8.20 % Compulsory Convertible Cumulative Preference Shares)	21,407.12	21,407.12	-	21,407.12	-	21,407.12
Other Investments						
PMS Investment	1,685.39	1,685.39	-	1,685.39	-	1,685.39
Investment in Alternate Funds	15,339.26	15,339.26	-	15,339.26	-	15,339.26
Investment in Debt Securities	93,892.85	93,892.85	93,892.85	-	-	93,892.85
Bonds	25,097.58	25,097.58	25,097.58	-	-	25,097.58

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Note 51: Fair value measurement

Particulars	Fair Value through Other Comprehensive Income					
	Carrying Value	Fair Value	Level-1	Level-2	Level-3	Total
Equity Share						
Birla Management Centre Services Limited	189.57	189.57	-	-	189.57	189.57

Valuation techniques

Equity Instruments and units of mutual fund: The majority of equity instrument are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value(NAV), taking into account redemption and/or other restrictions. Such instruments are also classified as Level 1. Equity instruments in non-listed entities are initially recognised in transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. Unlisted equity securities are classified at Level 3.

Investment in Preference Shares: As per latest guideline issued by FIMMDA, the Preference shares which are not rated by a rating agency, the YTM method has been adopted. The preference shares are fair valued on the basis of YTM method, hence they are classified as Level 3. For the year ended March, 2019, the preference shares were fair valued on the basis of a similar compulsorily convertible preference shares issued by Tata Motors Finance Limited, hence they were classified as Level 2 for the year ended March, 2019.

Investment in Alternate funds and PMS Investments : Units held in funds of AIF are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors. The fair values of investments made in securities through PMS is based on net asset value (NAV) which is provided in report received from the Portfolio Manager as at the reporting period and the same are classified under Level 2.

Investment in Debt Securities and Bonds : Fair value of these instrument is derived based on the indicative quote of price and yields prevailing in the market as at reporting date. Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded company has used CRISIL corporate bond valuer model for measuring fair value i.e. fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

Derivative Financial Instruments : A generally accepted framework for the valuation of the swap explains the position in each leg of the swap as a 'bond'. Therefore, a receive fixed - pay floating swap can be viewed as a portfolio consisting a long position in fixed bond and short position a floating rate bond. The value of the swap is the net proceeds from such bond positions i.e. Receipt – Payment. The swaps were valued on and with inputs from Bloomberg database using the terms of the swap contract.

Equity shares measured at Fair Value through Other Comprehensive Income: Unquoted equity shares are measured at fair value through other comprehensive income on the basis of the net worth of the investee company and are classified as Level 3.

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value:

31 March, 2020	As at 1 April, 2019	Purchase / (Sales)	Transfers into / (from) Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 March, 2020
Equity Shares						
Birla Management Centre Services Limited	189.57	-	-	-	(13.89)	175.68
Preference Shares						
TATA Motors Finance Limited	-	-	22,551.00	-	-	22,551.00
Total financial investments classified in Level 3	189.57	-	22,551.00	-	(13.89)	22,726.68
Total financial assets measured at fair value on a recurring basis	189.57	-	-	-	-	22,726.68

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

31 March, 2019	As at 1 April, 2018	Purchase / (Sales)	Transfers into / (from) Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 March, 2019
Equity Shares						
Birla Management Centre Services Limited	127.07	-	-	-	62.50	189.57
Total financial investments classified in Level 3	127.07	-	-	-	62.50	189.57
Total financial assets measured at fair value on a recurring basis	127.07	-	-	-	-	189.57

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Note 51: Fair value measurement

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's Level 3 assets and liabilities.

Relationships between unobservable inputs have not been incorporated in this summary.

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 assets 31 March, 2020	Level 3 liabilities 31 March, 2020		
Equity Shares - Birla Management Centre Services Limited	175.68	-	Net worth of investee company	Instrument Price
Preference Share - TATA Motors Finance Limited	22,551.00	-	YTM Method	Discount Rate
Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 assets 31 March, 2019	Level 3 liabilities 31 March, 2019		
Equity Shares - Birla Management Centre Services Limited	189.57	-	Net worth of investee company	Instrument Price

Quantitative analysis of significant unobservable inputs

Instrument Price
When specific market prices are not available, the Company uses net worth of the investee company. Given the nature of this approach, the actual range of prices used as inputs are usually quite wide. Therefore, the range is not indicative of the uncertainty associated with the fair value of the individual financial instrument.

Sensitivity of fair value measurements to changes in unobservable market data
The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives.
Sensitivity data are calculated using a number of techniques, including adjusting model inputs to reasonable changes within the fair value methodology.

Particulars	31 March, 2020		31 March, 2019	
	Favourable changes(+5%)	Unfavourable changes(-5%)	Favourable changes(+5%)	Unfavourable changes(-5%)
Equity Shares - Birla Management Centre Services Limited	8.78	(8.78)	9.48	(9.48)
Preference Share - TATA Motors Finance Limited	43.00	(43.00)	N.A.	N.A.

Fair value of financial instruments not measured at fair value
Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements.

This table does not include the fair values of non-financial assets and non-financial liabilities.

31 March, 2020	Notional amount	Fair Value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	1,83,056.25	1,83,056.25	-	-	1,83,056.25
Trade and Other Receivables	1,601.75	-	1,601.75	-	1,601.75
Loans *	45,98,779.59	-	8,15,106.00	37,46,789.59	45,61,895.59
Other financial assets	466.48	-	466.48	-	466.48
Total financial assets	**47,83,904.07**	**1,83,056.25**	**8,17,174.23**	**37,46,789.59**	**47,47,020.07**
Financial liabilities:					
Trade payables	6,535.42	-	6,535.42	-	6,535.42
Debt securities	17,86,922.93	15,02,820.70	3,36,941.72	-	18,39,762.42
Borrowings (other than debt securities)	23,43,844.89	-	23,43,844.89	-	23,43,844.89
Subordinated liabilities	2,10,142.09	-	2,05,088.80	-	2,05,088.80
Lease Liabilities	8,909.91	-	-	8,909.91	8,909.91
Other financial liabilities	17,591.86	-	17,591.86	-	17,591.86
Total financial liabilities	**43,73,947.10**	**15,02,820.70**	**29,10,002.69**	**8,909.91**	**44,21,733.30**

* The fair values does not include the effect of moratorium notified by Reserve Bank of India (Refer Note 52)

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Note 51: Fair value measurement

31 March, 2019	Notional amount	Fair Value			
		Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	5,908.89	5,908.89	-	-	5,908.89
Trade and Other Receivables	1,074.11	-	1,074.11	-	1,074.11
Loans	50,18,832.97	-	7,73,007.84	42,15,593.76	49,88,601.60
Other financial assets	2,823.88	-	2,823.88	-	2,823.88
Total financial assets	50,28,639.85	5,908.89	7,76,905.83	42,15,593.76	49,98,408.48
Financial liabilities:					
Trade payables	4,944.36	-	4,944.36	-	4,944.36
Debt securities	22,64,856.32	15,82,935.43	7,19,509.27	-	23,02,444.70
Borrowings (other than debt securities)	19,66,728.62	-	19,66,728.62	-	19,66,728.62
Subordinated liabilities	2,04,455.47	-	2,02,650.91	-	2,02,650.91
Other financial liabilities	36,312.48	-	36,312.48	-	36,312.48
Total financial liabilities	44,77,297.25	15,82,935.43	29,30,145.64	-	45,13,081.07

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans

Loans can be categorized into two main categories based on the rate of interest charged on such loans:

• A) Floating rate Loans: Floating rate loans are loans in which the interest rates are reset at a periodic interval based on a pre-decided reference rate.

• B) Fixed Rate Loans: Fixed rate loans are loans in which the interest rates are decided at the time of sanction of the loan and are not reset automatically.

Floating Rate Loans:

The floating rate loans are valued on the basis of MCLR + Spread specific to the Company. This MCLR rate is being reset on periodic intervals based on the pre-decided reference rate. Hence, they are classified as Level 3.

Fixed Rate Loans:

1. A fixed rate loan given can be viewed as a plain vanilla bond purchased that pays a fixed rate of interest and has fixed redemption date with no options or variable terms attached to it. Value of a Bond is equal to the present value of coupon payments and the redemption price discounted at the yield to maturity ('YTM') as on the Valuation Date of a similar loan. Accordingly, the Company has used the present value technique for valuation of the Fixed Rate Loans given by the Company.

2. In case of loans, they are considered as financial assets and the contractual cash flows are defined over the tenure of the loan. Since the loans are not traded in active markets and company does not have any active markets for identical assets, the Company has not used any level 1 inputs as per INDAS 113. The Company has used the prevailing risk free rate as the valuation date and the credit default spread based on FIMMDA-PDAI Gilt curve for Valuation of Corporate Bonds-Corporates Valuation Matrix, being a level 2 input, as on the valuation date; to determine the discount factor for arriving at the fair value of these loans using the present value technique.

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Note 51: Fair value measurement

Borrowings
Floating Rate Borrowings:
The floating rate borrowings are valued on the basis of MCLR + Spread.

Fixed Rate Borrowings:
The methodology to arrive at yield and bond price is similar and is used in valuation for mutual fund industry. Trades reported may be analysed based on polls received and internal spread models of IMaCS to arrive at final yield for the security using the process mentioned below.

1. Last traded Yield/price that has been reported on NSE, BSE, MCX , FTRAC and NDS-OM is used for valuation as per existing rules for trade size and outliers used for Scrip level valuation. However polls are carried out for outliers trades.
2. In case above conditions are not met, yield is calculated considering trades in same issuer of similar maturity in line with overall market movement and market data collected. Polls may be carried out for outliers and for final valuation yield. .
3. In case the above two conditions are not met, matrix movement(benchmark movement of relevant maturity bucket as analysed based on overall trades available/bid-ask and or poll on the similar securities shall be applied on previous day's yield to arrive at Yield/Price for the day.
4. If yield/price is not determinable based on above steps due to non-availability of data, outliers and/or such exceptional events, valuation shall be provided based on previous days Yield/Price.

Derivative Liabilities (Hedging Instruments measured at fair value)
1. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves and an appropriate discount factor.
2. The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of respective currencies.
3. The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies, interest rate curves and an appropriate discount factor.

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Note 52: Risk management

(a) Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include loans, investments, cash and cash equivalents and other receivables that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity, other post-retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March, 2020 and 31 March, 2019.

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Note 52: Risk management (continued)

Total market risk exposure

Particulars	31 March, 2020			31 March, 2019			
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Primary risk sensitivity
Financial Assets							
Cash and cash equivalents	1,83,056.25	-	1,83,056.25	5,908.89	-	5,908.89	
Trade and Other Receivables	1,601.75	-	1,601.75	1,074.11	-	1,074.11	
Derivative financial instruments	5,408.39	-	5,408.39	-	-	-	
Loans	45,98,779.59	-	45,98,779.59	50,18,832.97	-	50,18,832.97	Interest rate
Financial investments–FVTPL	3,34,064.49	3,34,064.49	-	1,57,461.14	1,57,461.14	-	Equity price / NAV price
Financial investments–FVTOCI	175.68	-	175.68	189.57	-	189.57	
Other Financial assets	466.48	-	466.48	2,823.88	-	2,823.88	
Total	**51,23,552.63**	**3,34,064.49**	**47,89,488.14**	**51,86,290.56**	**1,57,461.14**	**50,28,829.42**	
Financial Liabilities							
Derivative financial instruments	0.40	-	0.40	-	-	-	
Trade payables	6,535.42	-	6,535.42	4,944.36	-	4,944.36	
Debt Securities	17,86,922.93	-	17,86,922.93	22,64,856.32	-	22,64,856.32	Interest rate
Borrowings (other than Debt Securities)	23,43,844.89	-	23,43,844.89	19,66,728.62	-	19,66,728.62	Interest rate and foreign exchange risk
Subordinated liabilities	2,10,142.09	-	2,10,142.09	2,04,455.47	-	2,04,455.47	Interest rate
Lease Liabilities	8,909.91	-	8,909.91	-	-	-	
Other financial liabilities	17,591.86	-	17,591.86	36,312.48	-	36,312.48	Interest rate
Total	**43,73,947.50**	**-**	**43,73,947.50**	**44,77,297.25**	**-**	**44,77,297.25**	

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Note 52: Risk management (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate sensitivity

Since the Company manages its interest rate risk on domestic borrowings by ensuring, at maximum, its long term borrowings from domestic banks at floating rate of interest and in case of reduction in interest rate, it initiates negotiations with bankers for realigning the interest rate and/or repaying the high interest rate exposures, the interest rate change in market as such doesn't affect Company's profitability materially.

Market indices	Change in Interest rate	31 March, 2020		31 March, 2019	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Interest rate	25 Basis Point down	5,859.61	4,479.66	4,860.67	3,179.61
	50 Basis Point down	11,719.22	8,959.33	9,721.33	6,359.22
	25 Basis Point Up	(5,859.61)	(4,479.66)	(4,860.67)	(3,179.61)
	50 Basis Point Up	(11,719.22)	(8,959.33)	(9,721.33)	(6,359.22)

Foreign Exchange Risk

Foreign exchange risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to its External Commercial Borrowings. The Company uses derivative instruments like forwards to hedge exposure to foreign currency risk.

The Company has taken foreign currency floating rate borrowings, which are linked to LIBOR. For managing the foreign currency risk and interest rate risk, arising from changes in LIBOR on such borrowings, the Company has entered into Cross Currency Interest Rate Swap (CCIRS) and forward contracts for the entire loan liability and tenure of the facility. Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency.

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Note 52: Risk management (continued)

Credit risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.
The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment assessment

The ECL model Credit loss provisioning approach has now moved from incurred model. This forces entity to understand the significance of credit risk and its movement since its initial recognition. This model ensures (a) timely recognition of ECLs (b) assessment of significant increase in credit risk which will provide better disclosure (c) ascertainment of better business ratios.

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies in Note 5.

- An explanation of the Company's internal grading system (Note 'Definition of default and cure' below)
- How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default) (Note 'The Company's internal rating and PD estimation process' 'Probability of Default', 'Exposure at Default' below)
- When the Company considers there has been a significant increase in credit risk of an exposure (Note 'Significant increase in credit risk' below)
- The Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 'Grouping financial assets measured on a collective basis' below)
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Notes 'Probability of default', 'Exposure at default' and 'loss given default' below)

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Note 52: Risk management (continued)

Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties and the customer has delay in his repayments over a month.

The Company's internal rating and PD estimation process

a. Internal Rating: A robust internal credit rating framework is vital for effective credit risk management. It is specified by RBI on credit risk management that lenders should have an internal rating framework and the lenders must have independent Credit Risk Control Units (CRCU) or equivalents that are responsible for the design or selection, implementation and performance of their internal rating systems. Accordingly we also have an internal rating framework developed along with CRISIL, with ratings being assigned to all the customer/ portfolio pool – (eligible customers for Ratings) and used extensively in internal decision-making.
b. It is further specified in the policy that Internal rating/grading/scoring of the borrower/client is at least Investment grade rating as per the Company's internal credit rating model or valid/live external rating.

Probability of Default(PD)

PD is calculated basis likelihood that the borrower will default within one year horizon(Basis for Stage 1). For Stage 2 – it is defined as significant increase in credit risk and probability is defined as borrower's probability to default in lifetime.

Note 52: Risk management (continued)

Exposure at Default

Gross exposure/potential gross exposure under a facility (i.e. the amount that is legally owed to the lender) at the time of default by a borrower. Exposure at Default gives an estimate of the amount outstanding.

Loss Given Default(LGD)

LGD is usually shown as the percentage of Exposure at Default that the lender might lose in case the borrower defaults. It depends, among others, on the type of collateral, it's value, borrower rating and the expected proceeds from the sale (e.g. sales proceeds from sales of collaterals/securities) of the assets, NPV net of recovery costs.

Significant increase in credit risk

a. There is significant increase in credit risk, when there is deterioration in account performance and expected resolution is not available.
b. Further, for large borrowers after assessing the following Risks in totality and deterioration in each factor , it is then assessed whether there is a significant increase in credit risk
i. Industry Risk
ii. Business Risk
iii. Management Risk
iv. Financial Risk
v. Banking Conduct & Facility level Conduct.
c. Significant increase in credit risk is also gauged through Credit rating. Credit rating is an opinion of capacity of borrower to meet its financial obligations to the depositor or bondholder (i.e. lender of money) on a particular issue or type of instrument (i.e. a domestic or foreign currency: short-term or medium or long-term, etc.) in a timely manner. The rating measures the relative risk of an issuers ability and willingness to repay both interest and principal over the period of the rated instrument. i.e. rating signifies the risk of default of the borrower that is rated.

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Note 52: Risk management (continued)

Collateral Security:

The Company by way of loan sanction letter and other loan securing documents agrees with its customers on collateral security to be provided by the customers in secured loan exposures that are subject to credit risk. Collateral security enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations.

Collateral security accepted by the Company could be in the form of:

a) Financial collateral in the form of pledge of equity shares, units of mutual funds, assignment of life insurance policies;
b) Current assets in the form of inventories meant for sale or receivables arising out of the sale of finished goods
c) Fixed asset (in the form of immovable properties – real estate, Plant and Machinery, Equipment's)
d) Third-party obligation (in the form of Irrevocable Unconditional Guarantee issued by Bank, Third party);
e) Risk participation from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
f) Assignment of borrower's rights and interests under agreements with third parties.

In addition, the Company also stipulates escrow of cash flows and a Debt Service Reserve Account (DSRA) for project loans

Collateral serves to mitigate the inherent risk of credit loss in an exposure, by either improving recoveries in the event of a default or substituting the borrower.

As part of the assessment of a credit transaction the availability, adequacy and suitability of collateral for the transaction is evaluated and decided upon. The Company's processes includes verification of the title to the collateral offered and valuation by technical experts where warranted. We accept as collateral only securities of good quality and have in place legally effective and enforceable documentation.

For guarantee's taken, the guarantor's creditworthiness is assessed during the credit assessment process of the transaction. We have collateral type specific haircuts in place which are reviewed at intervals as appropriate to the type of collateral.

The Company recognises that collateral can be a credit mitigant (alternative source of repayment), but does not replace or dilute the underwriting standards the company adopts to underwrite credit exposures.

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Note 52: Risk management (continued)

(b) Forward looking Information :

The Company is required to provide for impairment allowance basis expected credit loss (ECL), which is calculated using empirical portfolio performance and adjusted for forward looking macroeconomic factors, as prescribed by Ind AS. The overall provisioning made through this approach, continues to be in excess of the floor provisions as prescribed by RBI for NBFCs.

The assessment of credit risk and estimation of ECL is statistically validated. It considers all relevant information about past events, current conditions and some elements of predicted performance of the portfolio.
ECL has been calculated using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).
In the process of determining the PD, the macro economic impact is intrinsically built in in our current approach. The overall performance through the life cycle of the loan, considers the impact of macro-economic parameters like GDP, Unemployment factor or once in events like de-monetisation etc. Most of the portfolios have seen one to two complete economic cycles and hence the default probabilities experienced by the Company takes into account the upturn, downturn and central (balanced) economic scenario.

In the internally rated portfolio, the Industry rating module (sourced from CRISIL under agreement) recognizes factors like demand prediction, supply side glut / constraints, impact of imports and exports and the government policies which are more forward looking and making the through-the-cycle default probabilities to point-in-time default probability.

Forward looking macro-economic factors as appropriate to the sub portfolios of the Company, that can demonstrate some degree of correlation to the forward looking default probability are being evaluated and will be adopted as the company concludes the revalidation exercise for the models to be used from FY 2021.
For FY 2020 COVID – 19 impact has been considered and suitably modelled to forecast and provide for the future impact and a separate note on the same has been provided.

Grouping financial assets measured on a collective basis

The Company calculates ECLs either on a collective or an individual basis.

Asset classes where the Company calculates ECL on an individual basis include:
1. Corporate Portfolio

Asset classes where the Company calculates ECL on a collective basis include:
1. Retail Portfolio

The ECL methodology allows for individual assessment for corporates and therefore these loans are generally measured individually as each of these exposures have unique characteristics and structuring. For retail exposures and exposures which can be clubbed in homogenous pools, ECL is measured on a collective basis. This has been arrived at based on common characteristics like nature of product, customer profile etc .

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Note 52: Risk management (continued)

(c) Analysis of risk concentration

Concentration analysis are presented for Portfolio pool, Location, Top borrower exposures, Group exposures etc. These are regularly analysed and presented for further review/action. Based on the exposures of the company towards various sectors, analysis is as follows :

Top 20 Industry Sectors	(%)
Real Estate Activities - Builders and Contractors	14.85%
Energy Renewable	6.85%
Lease Rental Discounting	6.73%
Construction/Maintenance of Roads	6.33%
Textiles, Readymade Garments, Apparels - Spinning, Mfg. & Trading	4.13%
Hotels, Motels and Resorts	3.38%
NBFCs	3.16%
Other Trade (Wholesale/ Retail)	2.86%
Education	2.79%
Transportation, logistics & allied services	2.59%
Domestic Commercial Banks	2.50%
Energy Transportation & Distribution	1.92%
Hospital & medical business	1.85%
Automobiles & Ancillaries	1.54%
Food & Beverages	1.43%
Brokers / Traders - Shares, securities	1.37%
Pharmaceuticals & intermediates	1.32%
Finance - Investment / Others	1.21%
Business & Self-Employed	1.19%
Mining and Quarrying	1.17%
TOP 20 Industry Exposures	**69.17%**

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Note 52: Risk management (continued)

(d) Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.
The Company manages its liquidity requirement by analysing the maturity pattern of Company's cash flows of financial assets and financial liabilities. The Asset Liability Management of the Company is periodically reviewed by its Asset Liability Management Committee.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also has lines of credit that it can access to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash. The ratios during the year were, as follows:

Advances to borrowings ratios

	2020	2019
Year-end	105.94%	116.14%
Maximum	112.25%	116.92%
Minimum	105.94%	114.64%
Average	109.79%	115.98%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

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Note 52: Risk management (continued)

(d) Liquidity risk and funding management (continued)
Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the cash flows of the Company's financial liabilities as at 31 March:

As at 31 March, 2020

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
Financial liabilities									
Derivative Financial Liability	-	-	-	-	-	0.40	-	-	0.40
Trade Payables (refer note 2 below)									
- Micro and small enterprises	-	-	141.04	141.03	-	-	-	-	282.07
- Other than micro and small enterprises	-	-	5,153.68	5,153.68	-	-	-	-	10,307.36
Debt securities (refer note 3 below)	91,177.73	1,94,361.07	2,90,960.11	75,661.26	1,66,287.50	5,38,057.64	1,15,880.32	3,14,406.53	17,86,792.16
Borrowings (other than debt securities)	38,568.79	2,564.75	30,131.58	96,670.03	4,93,573.31	12,09,599.76	3,72,996.54	1,00,000.00	23,44,104.76
Subordinated liabilities	-	1,441.65	3,904.83	3,504.69	1,699.61	5,511.27	19,539.96	1,75,217.42	2,10,819.43
Lease liabilities	194.66	194.66	194.66	583.97	1,167.94	3,094.40	3,094.40	2,275.81	10,800.49
Other financial liabilities	3,933.19	6,033.76	77.02	3,442.99	4,104.90	-	-	-	17,591.86

As at 31 March, 2019

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
Financial liabilities									
Trade Payables (refer note 2 below)									
- Micro and small enterprises	276.50	1.21	-	-	-	-	-	-	277.71
- Other than micro and small enterprises	8,835.32	90.83	-	-	-	-	-	-	8,926.15
Debt securities (refer note 3 below)	3,02,079.80	1,42,786.08	2,17,182.04	1,94,534.86	2,99,649.36	8,47,307.00	1,72,765.79	88,749.87	22,65,054.80
Borrowings (other than debt securities)	51,844.79	-	21,250.00	81,333.00	4,38,441.00	7,96,257.70	4,77,696.00	99,999.56	19,66,822.05
Subordinated liabilities	-	32,635.40	1,353.01	3,492.79	1,689.48	2,000.00	13,500.00	1,50,400.00	2,05,070.68
Other financial liabilities	6,564.59	29,671.78	-	76.11	-	-	-	-	36,312.48

Notes :
1. The above table includes future contractual cash flows recognized as at balance sheet date in different buckets and does not include other future contracted cash flows (such as interest which are not accrued as at Balance sheet date).
2. Trade payables is based on the estimate of actual payment.
3. Commercial papers shown net of unamortised discounting charges ₹ 4,634.93 lakhs (31 March, 2019 ₹ 7,419.98 lakhs).

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Note 52: Risk management (continued)

(d) Liquidity risk and funding management (continued)

The table below shows the contractual expiry by maturity of the Corporate guarantees and Letter of comfort given by the Company on behalf of clients.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 March, 2020						
Corporate guarantees and Letter of comfort given by the Company on behalf of clients	-	1,033.77	3,057.25	-	-	4,091.02
Total	-	1,033.77	3,057.25	-	-	4,091.02
As at 31 March, 2019						
Corporate guarantees and Letter of comfort given by the Company on behalf of clients	2,233.21	595.25	4,946.61	790.18	-	8,565.25
Total	2,233.21	595.25	4,946.61	790.18	-	8,565.25

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Note 52: Risk management (continued)

(e) Methodology for estimation of additional expected credit loss provision for COVID-19

As the world is fighting an unprecedented crisis due to the spread of global pandemic COVID-19, the impact of this crisis on the broader economy has started appearing with several leading economic indicators pointing towards a significant slowdown in economic activity in the financial year 2021 across the major developed and developing economies, including India. The threats posed on the global economy include a potential adverse impact on the credit worthiness of the borrowers as their cash inflows may get significantly disrupted.

Though the central banks and the regulators across the world have announced regulatory packages and relief measures to support the affected industry sectors, the Company identifies the need to proactively recognise an additional impairment provision in respect of the expected impact of this crisis based on the supportable information and management judgement.

Availing the moratorium / deferment does not in itself indicate a deterioration in the ability of a borrower to service debt and is often availed to ensure adequate liquidity buffers under increased.

The Company has adopted the following approach to estimate the additional impairment provisions due to the economic shock caused by the COVID 19 pandemic.

Portfolio Segmentation

In order to ensure that the assessment of every borrower in the portfolio is carried out in a manner that is commensurate with the size and resilience of the borrower and the borrower segment, their current status, the product or facility availed by the borrower, the underlying collateral details and other factors, the portfolio classified as Stage -1 and Stage -2 (i.e. the portfolio that has not categorized as credit impaired – referred as Stage -3) is segmented as follows:

The portfolio is first bifurcated based on the product type into Wholesale, Retail and Capital Markets. The segments stratified above are further bifurcated based on moratorium and DPD status as follows:

Availed Moratorium	Stage	DPD Bucket	Category
Yes	1	< 60 DPD	3
Yes	2	> 60 DPD	2
No	1	< 30 DPD	5
No	2	> 30 DPD	4
N/A	3	Credit Impaired	1

Approximately 84%, 10% and 6% of the total portfolio of the Company belongs to the wholesale, capital markets and retail portfolios respectively as per the segmentation above.
Detailed methodological approach to categories 2-5 for each of the sub-portfolios is covered in the sections below.

Wholesale Portfolio

The first step in estimating the overlay consisted of considering the historical experience, of the impact of similar events. Though the current pandemic is unprecedented, the Company has referred to annual studies of external agencies and performed a detailed analysis of past 28 years. The said period has witnessed following significant economic shocks:

1.Economic liberalization of India in 1990,
2.Economic sanctions imposed on India following the nuclear arms testing in 1995,
3.Asian economic crisis of 1997,
4.Global dot-com bubble burst in 2000,
5.Global financial meltdown of 2008, and
6.Demonetization economic disruption in 2016.

As such, this study was relied upon as it was considered to be the most representative of the major economic shocks witnessed by the Indian economy in the current era and their impact on borrower defaults. It was utilised to estimate the impact on Probability of Default (PD) and ratings of the borrowers.

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Note 52: Risk management (continued)
Impact on the default probability given the rating of the borrower

To consider the impact explained above, the PD rates for Scenario A are sourced from CRISIL Default Study Report - 2016 and an additional overlay of 5% and 10% is applied to the same to derive the PDs for Scenario B and Scenario C respectively.

Accordingly, following PD rates are derived:

Rating	Scenario		
Grade	A	B	C
AAA	0.00%	0.00%	0.00%
AA	0.04%	0.04%	0.04%
A	0.51%	0.54%	0.56%
BBB	1.01%	1.06%	1.11%
BB	3.95%	4.15%	4.35%
B	8.02%	8.42%	8.82%
C	20.92%	21.97%	23.01%
Unrated	1.01%	1.06%	1.11%

Scenario "A" is applied to borrowers in categories 4 & 5, Scenario "B" is applied to borrowers in Category 3 and Scenario "C" is applied to borrowers in Category 2. The 12-month PD is converted into lifetime PD based on the survival analysis by application of the formula:

$$1-(1-\text{"12-month Default Probability"})^{\text{Actuarial Life}}$$

For borrowers in category 2, an additional overlay of 5% has been applied on the overall provision.

Impact on ratings of borrowers

While stressing the default probabilities of borrowers of a given rating grade, it is also needed to account for the possibility that there might be a ratings migration of the borrower during the next 12 months period, leading to the application of default probability of a different rating grade than the one that the borrower is in currently. For example, a borrower rated AA today, might migrate to A or BBB rating in the 12-month period. Hence, there is a need to apply the PD rates on the potential credit rating and not the rating as at the reporting date.

In order to estimate the impact of ratings migration, the Company has performed an analysis based on CRISIL Default Study report 2016. The results of the analysis are utilised to simulate the next period rating and accordingly the PD rates of such potential rating grade as per the applicable scenario have been applied.

Therefore, the final ECL for each loan account is arrived at by first incorporating the impact of potential ratings migration, and then by applying the stressed default probabilities.

Further, no additional overlay is considered in the LGD since the Company has adopted 50% hair cut on immovable property values and the historical experience has been better than this.

Retail Portfolio

The approach taken to forecast the impact of the current crisis on the retail portfolio is based on actual observed changes in borrower behaviour, specifically, the change in the communication pattern of borrowers over email, phone or physical addresses as reported by Collections units. In the presence of moratorium, this serves again as a conservative proxy for future borrower behaviour when moratorium relief is withdrawn.

The approach is based on the analysis performed on the tele-calling data that indicates the change in communication pattern of borrowers pre-COVID-19 as against in the middle of the complete lockdown imposed by the Government.

Based on the analysis performed, it was observed that the contactability of the borrowers has dropped by ~30% across buckets in the key retail sub-portfolios i.e. business loans and personal loans. Accordingly, the Company expects that this drop in contactability would be reflected in the collections efficiency (resolution %) drop across buckets.

As such, the forward flows have been uniformly increased by 30% across categories 2-5.

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Note 52: Risk management (continued)

The Company has further stressed the PDs by setting the roll-back probabilities (the probability that an account in higher delinquency bucket will flow back to a lower delinquency bucket) to zero.

For certain segments of borrowers who are already delinquent, a management overlay (equivalent to Stage 3 provision of 25%) is made to ensure that the enhanced risk is factored in, and adequate provisions are made.

Capital Markets

The capital markets portfolio is a zero-default portfolio, and barring a couple of sporadic instances, there have been no defaults in the past 20 years of this portfolio including during the market volatility in the month of March 2020.

This capital markets portfolio is tightly monitored daily with prices and other price-related information on the underlying securities updated 4 times a day, and alerts and action initiated immediately on any accounts that are observed to be in margin shortfall.

In such a scenario, the Company has, based on adequate empirical evidence, not recognised an additional overlay on account of COVID-19 impact on this portfolio which constitutes around 10% of the total loan portfolio.

(f) Uncertainity over the impact of COVID - 19 on the Expected credit loss provision

The COVID-19 pandemic has significantly impacted economic activities, businesses, individuals across the spectrum. Reserve Bank of India (RBI)'s guidelines dated 27 March, 2020 enabled banks, lending institutions and NBFCs to offer a moratorium upto 3 months on repayment of EMIs, payment of interest on line of credit falling due between 01 March, 2020 and 31 May, 2020 to all eligible borrowers, which has been extended for a further period of 3 months via RBI circular dated 23 May, 2020. The Company based on its Board approved policy, has engaged with its customers whose account were standard as at 29 February, 2020, and offered the moratorium basis their need. As on 31 March, 2020, the staging of these accounts is basis days past due status as on 29 February, 2020 in line with the RBI circular. As per the Company's assessment made above in note 52(e), this by itself has not resulted into any significant increase in the credit risk.

The Company recognizes the need to make reasonable estimation of the impact of this pandemic on the repayment ability of its borrowers, and make additional provisions as considered appropriate, over-and-above the extant provisions, for expected credit losses. Basis the above methodology, the Company has tried to ascertain the impact of COVID-19 in arriving at the additional impairment which is provided for in its financial statements. Given the uncertainty over the potential macro-economic condition, the impact of the COVID-19 may be different from that expected as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

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53A. Disclosure in terms of Direction 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank of India) Directions, 2016

Sr No.	Particulars	31 March, 2020 Amount out-standing	31 March, 2020 Amount overdue	31 March, 2019 Amount out-standing	31 March, 2019 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 ₹ 1,12,948.45 lakhs; 31 March 2019 : ₹ 83,189.95 lakhs)	15,62,929.66	-	16,28,536.99	-
	: Unsecured (including interest accrued but not due of ₹ 9,350.53 lakhs ; 31 March 2019 : ₹ 7,975.27 lakhs) (other than falling within the meaning of public deposits*)	1,92,359.93	-	1,85,397.04	-
	(b) Perpetual Debts (including interest accrued but not due of ₹ 1,200.25 lakhs; 31 March 2019 : ₹ 1,195.41 lakhs)**	21,108.90	-	21,091.52	-
	(c) Deferred Credits	-	-	-	-
	(d) Term Loans, External commercial borrowings and Working Capital Demand loans (including interest accrued but not due of ₹ 9,430.73 lakhs ; 31 March 2019 : ₹ 7,773.49 lakhs)	23,08,273.28	-	17,72,558.32	-
	(e) Inter-corporate borrowing (including interest accrued but not due of ₹ Nil; 31 March, 2019 : Nil)	-	-	7,648.79	-
	(f) Commercial Paper (net of unamortised discount of ₹ 4,634.93 lakhs; 31 March, 2019 : ₹ 7,419.98 lakhs)	2,20,600.08	-	6,33,206.24	-
	(g) Other Loans (Cash Credit, Preference Shares)	35,638.06	-	1,87,601.51	-
		43,40,909.91	-	44,36,040.41	-

* Please see Note 1 below and ** Please see Note 5 below.

Sr No.	Particulars	31 March, 2020 Amount out-standing	31 March, 2019 Amount out-standing
	Assets side :		
2)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :**		
	(a) Secured :	38,83,920.22	41,52,118.48
	(b) Unsecured : (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)	7,99,871.43	9,15,249.07
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	-	-
		46,83,791.65	50,67,367.55

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53A. *Continued*

Assets side :	31 March, 2020 Amount out-standing	31 March, 2019 Amount out-standing
4) Break-up of Investments :		
Short Term investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	51,394.68	1,18,990.43
(iii) Units of mutual funds	2,50,872.74	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
Long Term investments :		
1. Quoted :		
(i) Shares : (a) Equity	24.89	38.94
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	175.68	189.57
(b) Preference	22,551.00	21,407.12
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (PMS and Alternate Fund)	9,221.18	17,024.65

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

Category	31 March, 2020 Net of Provisions			31 March, 2019 Net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1) Related Parties**						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	1,16,269.53	1,16,269.53	12,500.00	30,766.09	43,266.09
(c) Other related parties	-	394.98	394.98	-	45.34	45.34
2) Other than related parties	38,83,920.22	6,83,206.92	45,67,127.14	41,39,618.48	8,84,437.64	50,24,056.12
	38,83,920.22	7,99,871.43	46,83,791.65	41,52,118.48	9,15,249.07	50,67,367.55

** Relationships have been identified on the basis of the requirements of the Indian Accounting Standard IND AS-24 'Related Party Disclosures'.

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53A. *Continued*

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

Category	31 March, 2020 Market Value / Break up or fair value or NAV	31 March, 2020 Book Value (Net of Provisions)	31 March, 2019 Market Value / Break up or fair value or NAV	31 March, 2019 Book Value (Net of Provisions)
1) Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	6.42	6.42	-	-
(c) Other related parties	-	-	-	-
2) Other than related parties	3,34,233.75	3,29,359.08	1,57,650.71	1,49,323.04
	3,34,240.17	**3,29,365.49**	**1,57,650.71**	**1,49,323.04**

Note: Break up value derived from the latest available Balance Sheet of the Company.
** Relationships have been identified on the basis of the requirements of the Indian Accounting Standard IND AS-24 'Related Party Disclosures'.

7) Other information :

	31 March, 2020	31 March, 2019
(i) Gross Non-Performing Assets (Stage 3) :		
(a) Related parties	-	-
(b) Other than related parties	1,82,708.23	81,340.04
(ii) Net Non-Performing Assets (Stage 3) :		
(a) Related parties	-	-
(b) Other than related parties	1,26,147.81	50,044.23
(iii) Assets acquired in satisfaction of debt :	-	-

The above amounts are including Interest Accrued.

Notes:

1 As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank of India) Directions, 1998.

2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank of India) Directions, 2016.

3 There are no prior period and change in accounting policies which require disclosure in the notes to accounts. There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

4 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.

5 During the year ended 31 March, 2020 the Company has raised ₹ Nil (31 March, 2019 ₹ Nil) through perpetual debt instrument. Closing balance as on 31 March, 2020 is ₹ 21,108.90 lakhs (31 March, 2019 ₹ 21,091.52 lakhs), the same is 2.88% (31 March, 2019 2.87%) of tier I Capital as on 31 March, 2020.

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53B. Disclosure in terms of Direction 73 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank of India) Directions, 2016

a) Capital Risk Adequacy Ratio (CRAR)

Sr. No.	Items	31 March, 2020	31 March, 2019
(i)	CRAR (%)	19.08	17.45
(ii)	CRAR - Tier I capital (%)	15.15	14.33
(iii)	CRAR - Tier II Capital (%)	3.94	3.13
(iv)	Amount of subordinated debt raised as Tier-II capital	1,88,966.74	1,82,283.95
(v)	Amount raised by issue of Perpetual Debt Instruments	21,108.90	21,091.52

Notes :

1 The management had reduced the tenor of the subdebt of ₹ 30,000 lakhs in March 2019, hence for the purpose of computation of CRAR, the subdebt of ₹ 30,000 lakhs have not been considered in March 2019.

2 Amount of Subordinated debt and Perpetual Debt shown above are outstanding balances (including interest accrued thereon) as on 31 March, 2020 and 31 March, 2019.

b) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure - The company enters into derivative agreements to mitigate the foreign exchange risk and interest rate risk pertaining to its external commercial borrowings. Detailed description of the policies and risk mitigation strategies are disclosed as per Note 5.1(viii), Note 9 and Note 52 of the financial statements.

Quantitative Disclosures -

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) for Hedging	36.11	1,46,367.54
(ii)	Marked to Market Positions		
	(a) Asset (Positive)	-	5,408.39
	(b) Liability (Negative)	(0.40)	-
(iii)	Credit Exposure	-	-
(iv)	Unhedged Exposures	-	-

c) Unsecured Advances

Sr. No.	Particulars	31 March, 2020	31 March, 2019
(i)	Unsecured Advances (Inclusive of doubtful advances)	7,99,871.43	9,15,249.07

Out of the above amount, advances for which intangible securities such as charge over the rights, licences, authority, etc. are taken as collateral : NIL

d) Exposures

d.i) Exposure to Real Estate Sector

Category		31 March, 2020	31 March, 2019
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	8,03,439.41	13,677.64
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	13,04,949.46	7,76,082.89
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
Total Exposure to Real Estate Sector		21,08,388.87	7,89,760.53

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53B. *Continued*

d.ii) Exposure to Capital Market

Particulars		31 March, 2020	31 March, 2019
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;	24.89	1,724.33
(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;	59,667.97	1,00,815.18
(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;	2,05,160.99	3,68,457.89
(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;	925.12	9,425.07
(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		2,65,778.97	4,80,422.47

d.iii) Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

Particulars	1 to 7 days	8 to 14 days	15 day to 30 days	Over 1 month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	-	-	527.83	3.09	22.16	288.87	1,057.55	398.54	404.29	251.76	2,954.09
Advances**	43,146.86	20,073.54	29,988.90	30,903.68	2,17,781.80	2,87,453.77	6,86,970.62	11,62,218.50	6,62,916.72	14,54,371.11	45,95,825.50
Investments	-	-	-	1,30,000.00	72,267.41	-	1,22,551.00	4,423.64	-	4,998.12	3,34,240.17
Borrowings*	6,693.79	13,885.34	1,09,126.74	1,98,296.58	3,24,787.92	1,75,775.08	6,62,011.10	17,53,253.25	5,08,245.52	5,88,834.59	43,40,909.91
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities (also included in borrowings above)	-	-	-	-	-	-	-	1,53,512.17	-	-	1,53,512.17

* Commercial papers shown net of unamortised discounting charges ₹ 4,634.93 lakhs (31 March, 2019 ₹ 7,419.98 lakhs).

** a) 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.

b) Advances includes Loan and Advances in the nature of Loans (net of ECL provisions) and excludes Deposits.

d.iv) The Company has no specific program for financing its parent company products. However, in its general lending business, the Company may have funded some entities which may have been customer(s) of its ultimate parent company: Grasim Industries Limited. Single Borrower Limit (SGL) or Group Borrower Limit (GBL) did not exceed the limits prescribed under the prudential norms.

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53C. Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as on March 31, 2020.

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No	No of Significant Counterparties	Amount	% of total Deposits	% of Total Liabilities*
1	22	28,96,749.23	NA	65.99%

ii) Top 20 large deposits – Not Applicable

iii) Top 10 Borrowings

Amount	% of Total Liabilities*
21,68,418.07	49.40%

iv) Funding Concentration based on significant instrument/product

Sr.	Name of the instrument	Amount	% of Total Liabilities*
1	Term Loan	18,62,078.02	42.42%
2	Non Convertible Debentures	15,62,929.66	35.60%
3	Commercial Paper	2,20,600.08	5.03%
4	Working capital / short term facilities	2,25,780.29	5.14%
5	External Commercial Borrowings	2,55,986.58	5.83%
6	Sub-ordinate Debt	1,88,966.74	4.30%

v) Stock Ratios

Sr No	Particulars	31 March, 2020
1	Commercial Papers to Total Liabilities*	5.03%
2	Commercial Papers to Total Assets	4.24%
3	NCDs (Original Maturity < 1 year) to Total Liabilities*	Nil
4	NCDs (original Maturity < 1 year) to Total Assets	Nil
5	Other Short Term Liabilities** to Total Liabilities*	28.61%
6	Other Short Term Liabilities** to Total Assets	24.17%

** Other Short Term Liabilities excludes Commercial Paper as considered in 1 & 2.

vi) Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

* Total Liabilities does not include Net Worth.

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53D. Disclosure in terms of RBI Notification No. DOR.No.BP.BC.62/21.04.048/2020-21 dated April 17, 2020

No. of Borrowers	Outstanding as on 31 March, 2020
3	67,371.00

The above borrowers represent cases where extention of resolution timelines under the Prudential Framework on Resolution of Stressed Assets dated June 7, 2019 have been considered in lieu of RBI Notification No.BP.BC.62/21.04.048/2020-21 dated April 17, 2020.

53E. Disclosure in terms of RBI Notification No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020

Particulars	Amount
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	1,19,763.00
Amount where the classification benefit to stage 3 was extended	14,446.02
Provisions made during the Q4FY2020	1,850.93
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N.A.

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54 Disclosure in terms of Direction 73 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank of India) Directions, 2016

54.1 Registration/ license/ authorization obtained from financial sector regulators:

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

The Company is registered with AMFI for distribution of Mutual fund products having certificate number ARN-91896 and ARN-118681 valid from 23 October, 2019 to 22 October, 2022 and 04 February, 2020 to 03 February, 2023 respectively.

54.2 Penalties levied if any during the year: Nil

54.3 Investments

Particulars			31 March, 2020	31 March, 2019
	Value of Investments			
	(i)	Book Value of Investments		
		(a) In India	3,29,365.49	1,49,323.04
		(b) Outside India,	-	-
	(ii)	Unrealised fair value gain / (loss) recognised on investments		
		(a) In India	4,874.68	8,327.67
		(b) Outside India,	-	-
	(iii)	Fair Value of Investments		
		(a) In India	3,34,240.17	1,57,650.71
		(b) Outside India	-	-

54.4 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of P&L	31 March, 2020	31 March, 2019
Bad debts/Advances Written off	33,577.95	12,037.83
Expected Credit Loss Allowance on Loans and Advances and trade receivables	37,129.05	8,663.41
Provision made towards Income tax (Net of Deferred Tax)	24,796.13	45,929.15

54.5 Concentration of Advances

Particulars	31 March, 2020	31 March, 2019
Total Advances to twenty largest borrowers (including interest accrued)	5,32,945.80	6,40,291.39
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	11.38%	12.64%

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54.6 Concentration of Exposures

Particulars	31 March, 2020	31 March, 2019
Total Exposure to twenty largest borrowers / customers* (including interest accrued)	5,32,945.80	6,40,291.39
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	11.38%	12.64%

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

54.7 Concentration of NPAs

Particulars	31 March, 2020	31 March, 2019
Total Exposure to top four NPA (Stage 3) accounts (including interest accrued)	78,457.35	29,996.40

54.8 Sector-wise NPAs (Stage 3)

Sr No.	Sector	31 March, 2020 Percentage of NPAs (Stage 3 loans) to Total Advances in that sector	31 March, 2019 Percentage of NPAs (Stage 3 loans) to Total Advances in that sector
1	Agriculture & allied activities	2.53%	2 32%
2	MSME	1.49%	1.55%
3	Corporate borrowers	4 21%	1.38%
4	Services	4.74%	0.30%
5	Unsecured working capital loans	3.73%	3.28%
6	Auto loans	0.00%	0.00%
7	Other personal loans	2.67%	2.56%

54.9 Movement of NPAs (Stage 3)

		Particulars	31 March, 2020	31 March, 2019
(i)		**Net NPAs to Net Advances (%)**	2.69%	0.99%
(ii)		**Movement of NPAs (Gross Stage 3 assets)**		
	(a)	Opening balance	81,340.04	38,572.95
	(b)	Additions during the year	1,53,350.09	57,686.91
	(c)	Reductions during the year	(51,981.90)	(14,919.82)
	(d)	Closing balance	1,82,708.23	81,340.04
(iii)		**Movement of Net NPAs (Net Stage 3 assets)**		
	(a)	Opening balance	50,044.23	17,840.43
	(b)	Additions during the year	90,582.35	32,203.80
	(c)	Reductions during the year	(14,478.77)	-
	(d)	Closing balance	1,26,147.81	50,044.23
(iv)		**Movement of provisions for NPAs (Stage 3 Provision)**		
	(a)	Opening balance	31,295.81	20,732.52
	(b)	Provisions made during the year	62,767.74	25,483.11
	(c)	Write-off / write-back of excess provisions	(37,503.13)	(14,919.82)
	(d)	Closing balance	56,560.42	31,295.81

Note : The above amounts are including Interest Accrued.

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Aditya Birla Finance Ltd. * Mumbai *

Aditya Birla Finance Limited
Notes to the Financial Statements (continued)
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(Currency: ₹ in Lakhs)

54.10 Credit Rating

Instrument	Credit Rating Agency	31 March, 2020	31 March, 2019
Commercial Paper	ICRA Limited	[ICRA] A1+	[ICRA] A1+
	India Ratings & Research Private Limited	IND A1+	IND A1+
Non Convertible Debentures (NCD)	ICRA Limited	[ICRA] AAA Stable	[ICRA] AAA Stable
	India Ratings & Research Private Limited	IND AAA Stable	IND AAA Stable
Sub Debt	CARE Limited	CARE AAA Stable	CARE AAA Stable
	ICRA Limited	[ICRA] AAA Stable	[ICRA] AAA Stable
	India Ratings & Research Private Limited	IND AAA Stable	IND AAA Stable
Unsecured NCD	ICRA Limited	[ICRA] AAA Stable	[ICRA] AAA Stable
Perpetual Debt	ICRA Limited	[ICRA] AA+ (hyb) Stable	[ICRA] AA+ (hyb) Stable
	India Ratings & Research Private Limited	IND AA+ Stable	IND AA+ Stable
Principal Protected Market Linked Debenture	India Ratings & Research Private Limited	IND PP-MLD AAA emr Stable	-
Long Term Bank Loans	ICRA Limited	[ICRA] AAA Stable	[ICRA] AAA Stable
	India Ratings & Research Private Limited	IND AAA Stable	IND AAA Stable
Short Term Bank Loans	ICRA Limited	[ICRA] A1+	[ICRA] A1+
	India Ratings & Research Private Limited	IND AAA Stable	IND AAA Stable

* There were no migrations of ratings during the year.

54.11 Customer Complaints

Sr. No.	Particulars	31 March, 2020	31 March, 2019
(a)	No. of complaints pending at the beginning of the year	6	8
(b)	No. of complaints received during the year	528	264
(c)	No. of complaints redressed during the year	518	266
(d)	No. of complaints pending at the end of the year	16	6

54.12 During FY 2020, there were no draw down from Reserves (Previous year: Nil)

54.13 Overseas assets (for those with joint ventures and subsidiaries abroad): Nil (Previous year: Nil)
Off Balance Sheet SPVs sponsored: Nil (Previous year: Nil)

54.14 The Company has reported frauds aggregating ₹ 1,616.68 lakhs (Previous year March 31,2019 : ₹ 216.08 lakhs) based on management reporting to Audit Committee of Board and Board of Directors and to the RBI through prescribed returns.

54.15 Pursuant to RBI Notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 on Implementation of Indian Accounting Standards whereby it is clarified that all regulatory ratios, limits and disclosures shall be based on IND AS figures, the previous years ratios, limits and disclosures have been restated accordingly.

54.16 The disclosures given in the above notes pursuant to RBI Notification are only to the extent they are applicable to the Company.

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(Currency: ₹ in Lakhs)

55 Disclosure pursuant to RBI Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As on 31 March, 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	43,74,891.74	21,080.81	43,53,810.93	17,499.57	3,581.24
	Stage 2	1,21,676.21	10,489.91	1,11,186.30	1,177.73	9,312.18
Subtotal		44,96,567.95	31,570.72	44,64,997.23	18,677.30	12,893.42
Non-Performing Assets (NPA)						
Standard	Stage 3	-	-	-	-	-
Substandard	Stage 3	1,47,599.19	38,146.01	1,09,453.18	19,872.40	18,273.61
Doubtful - up to 1 year	Stage 3	20,648.00	8,706.86	11,941.14	4,600.98	4,105.88
1 to 3 years	Stage 3	10,265.00	5,764.13	4,500.87	3,194.95	2,569.18
More than 3 years	Stage 3	4,196.04	3,943.42	252.62	2,290.78	1,652.64
Subtotal for doubtful		35,109.04	18,414.41	16,694.63	10,086.71	8,327.70
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,82,708.23	56,560.42	1,26,147.81	29,959.11	26,601.31
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	5,001.00	14.00	4,987.00	-	14.00
	Stage 2	204.00	8.00	196.00	-	8.00
	Stage 3	-	-	-	-	-
Subtotal		5,205.00	22.00	5,183.00	-	22.00
Total	Stage 1	43,79,892.74	21,094.81	43,58,797.93	17,499.57	3,595.24
	Stage 2	1,21,880.21	10,497.91	1,11,382.30	1,177.73	9,320.18
	Stage 3	1,82,708.23	56,560.42	1,26,147.81	29,959.11	26,601.31
	Total	46,84,481.18	88,153.14	45,96,328.04	48,636.41	39,516.73

As on 31 March, 2019

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	48,73,415.01	15,359.54	48,58,055.47	19,493.66	(4,134.12)
	Stage 2	1,00,643.74	4,424.65	96,219.09	402.57	4,022.08
Subtotal		49,74,058.75	19,784.19	49,54,274.56	19,896.24	(112.05)
Non-Performing Assets (NPA)						
Standard	Stage 3	15,485.30	3,760.01	11,725.29	60.26	3,699.75
Substandard	Stage 3	34,737.16	14,832.48	19,904.68	8,513.25	6,319.23
Doubtful - up to 1 year	Stage 3	21,008.23	8,998.49	12,009.74	4,121.60	4,876.89
1 to 3 years	Stage 3	7,390.54	2,234.42	5,156.12	2,444.97	(210.55)
More than 3 years	Stage 3	2,718.81	1,470.42	1,248.39	1,128.87	341.54
Subtotal for doubtful		31,117.58	12,703.32	18,414.26	7,695.44	5,007.88
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		81,340.04	31,295.81	50,044.23	16,268.95	15,026.86
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	13,738.00	22.00	13,716.00	-	22.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		13,738.00	22.00	13,716.00	-	22.00
Total	Stage 1	48,87,153.01	15,381.54	48,71,771.47	19,493.66	(4,112.12)
	Stage 2	1,00,643.74	4,424.65	96,219.09	402.57	4,022.08
	Stage 3	81,340.04	31,295.81	50,044.23	16,268.95	15,026.86
	Total	50,69,136.79	51,102.00	50,18,034.79	36,165.18	14,936.82

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Aditya Birla Finance Ltd.
Mumbai

(Currency: ₹ in Lakhs)

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

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

Sr.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
no.	Asset Classification Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts at April 1, 2019										
	No. of borrowers	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	-	-	-	-	-	12,230.86	-	-	-	12,230.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year ended March 31, 2020										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year ended March 31, 2020										
	No. of borrowers	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	-	-	-	-	-	12,230.86	-	-	-	12,230.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances at April 1, 2019, which cease to attract higher provisioning and/or additional risk weight at March 31, 2020 and hence need not be shown as restructured standard advances at April 1, 2020										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year ended March 31, 2020										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ended March 31, 2020										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts at March 31, 2020										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

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Notes to the Financial Statements (continued)
for the year ended 31 March, 2020
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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 / Asset Classification Details	Others Standard	Others Sub-Standard	Others Doubtful	Others Loss	Others Total	Total Standard	Total Sub-Standard	Total Doubtful	Total Loss	Total Total
1	**Restructured Accounts at April 1, 2019**										
	No. of borrowers	-	37	1	-	38	1	37	1	-	39
	Amount outstanding	-	851.02	989.41	-	1,840.43	12,230.86	851.02	989.41	-	14,071.29
	Provision thereon	-	274.58	989.65	-	1,264.24	-	274.58	989.65	-	1,264.24
2	**Fresh restructuring during the year ended March 31, 2020**										
	No. of borrowers	101	2	-	-	103	101	2	-	-	103
	Amount outstanding	7,812.16	18.50	-	-	7,830.65	7,812.16	18.50	-	-	7,830.65
	Provision thereon	448.07	4.62	-	-	452.69	448.07	4.62	-	-	452.69
3	**Upgradations to restructured standard category during the year ended March 31, 2020**										
	No. of borrowers	(9)	32	-	-	23	(8)	32	-	-	24
	Amount outstanding	(310.60)	673.88	-	-	363.28	11,920.26	673.88	-	-	12,594.14
	Provision thereon	(156.66)	268.48	-	-	111.82	(156.66)	268.48	-	-	111.82
4	**Restructured standard advances at April 1, 2019, which cease to attract higher provisioning and/or additional risk weight at March 31, 2020 and hence need not be shown as restructured standard advances at April 1, 2020**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
5	**Downgradations of restructured accounts during the year ended March 31, 2020**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	**Write-offs of restructured accounts during the year ended March 31, 2020**										
	No. of borrowers	5	3	1	-	9	5	3	1	-	9
	Amount outstanding	178.09	109.91	989.41	-	1,277.41	178.09	109.91	989.41	-	1,277.41
	Provision thereon	89.46	0.84	989.65	-	1,079.95	89.46	0.84	989.65	-	1,079.95
7	**Restructured Accounts at March 31, 2020**										
	No. of borrowers	105	4	-	-	109	105	4	-	-	109
	Amount outstanding	7,944.67	85.73	-	-	8,030.39	7,944.67	85.73	-	-	8,030.39
	Provision thereon	515.27	9.89	-	-	525.17	515.27	9.89	-	-	525.17

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

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

Sr.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
no.	Asset Classification Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts at April 1, 2018										
	No. of borrowers	-	1	-	-	1	-	-	-	-	-
	Amount outstanding	-	957.27	-	-	957.27	-	-	-	-	-
	Provision thereon	-	957.27	-	-	957.27	-	-	-	-	-
2	Fresh restructuring during the year ended March 31, 2019										
	No. of borrowers	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	-	-	-	-	-	12,230.86	-	-	-	12,230.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year ended March 31, 2019										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at March 31, 2019 and hence need not be shown as restructured standard advances at April 1, 2019										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year ended March 31, 2019										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ended March 31, 2019										
	No. of borrowers	-	1	-	-	1	-	-	-	-	-
	Amount outstanding	-	957.27	-	-	957.27	-	-	-	-	-
	Provision thereon	-	957.27	-	-	957.27	-	-	-	-	-
7	Restructured Accounts at March 31, 2019										
	No. of borrowers	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	-	-	-	-	-	12,230.86	-	-	-	12,230.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-

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(Currency: ₹ in Lakhs)

Information in respect of restructured assets *(Continued)*

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

Sr.	Type of Restructuring	Others					Total				
no.	Asset Classification Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	**Restructured Accounts at April 1, 2018**										
	No. of borrowers	-	-	1	-	1	-	1	1	-	2
	Amount outstanding	-	-	989.41	-	989.41	-	957.27	989.40	-	1,946.66
	Provision thereon	-	-	989.65	-	989.65	-	957.27	989.65	-	1,946.92
2	**Fresh restructuring during the year ended March 31, 2019**										
	No. of borrowers	-	37	-	-	37	1	37	-	-	38
	Amount outstanding	-	851.02	-	-	851.02	12,230.86	851.02	-	-	13,081.88
	Provision thereon	-	274.58	-	-	274.58	-	274.58	-	-	274.58
3	**Upgradations to restructured standard category during the year ended March 31, 2019**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4	**Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at March 31, 2019 and hence need not be shown as restructured standard advances at April 1, 2019**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
5	**Downgradations of restructured accounts during the year ended March 31, 2019**										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	**Write-offs of restructured accounts during the year ended March 31, 2019**										
	No. of borrowers	-	-	-	-	-	-	1	-	-	1
	Amount outstanding	-	-	-	-	-	-	957.27	-	-	957.27
	Provision thereon	-	-	-	-	-	-	957.27	-	-	957.27
7	**Restructured Accounts at March 31, 2019**										
	No. of borrowers	-	37	1	-	38	1	37	1	-	39
	Amount outstanding	-	851.02	989.41	-	1,840.43	12,230.86	851.02	989.41	-	14,071.29
	Provision thereon	-	274.58	989.65	-	1,264.24	-	274.58	989.65	-	1,264.24

Note: The outstanding amount and number of borrowers as at 31 March, 2020 and 31 March, 2019 are after considering recoveries during the year.

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57 The Company has dues amounting to ₹ 282.07 lakhs (Previous year ₹ 277.71 lakhs) to vendors (Trade) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').

58 **Expenditure in Foreign Currency:**

	31 March, 2020	31 March, 2019
Interest and other expenses on External Commercial Borrowings / Business / Sales Promotion / Staff Training and Seminar	5,576.39	438.29

59 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the current financial year. Cumulative benefit of ₹ 5,815.53 lakhs is recognised in the profit after tax which was a result of the gain arising due to reduction in income tax rate amounting to ₹ 11,309.86 lakhs for the year ended 31 March, 2020 offset by a charge on account of re-measurement of opening deferred tax assets amounting to ₹ 5,494.33 lakhs.

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

As per our report of even date attached.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E/E300005

per Viren H. Mehta
Partner
Membership No: 048749

Place: Mumbai
Date: 4 June, 2020

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

Ajay Srinivasan
(Director)
(DIN - 00121121)

Rakesh Singh
(Managing Director & Chief Executive Officer)
(DIN - 07006067)

Sanjay Miranka
(Chief Financial Officer)

Ankur Shah
(Company Secretary)

Place: Mumbai
Date: 4 June, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Aditya Birla Finance Ltd. Mumbai