

Aditya Birla Finance Limited

(A subsidiary of Aditya Birla Capital Ltd.)



PROTECTING INVESTING FINANCING ADVISING

February 4, 2021

The National Stock Exchange of India Ltd. Listing Department, Wholesale Debt Market Exchange Plaza, 5th Floor, Plot C/1, Bandra-Kurla Complex, Bandra (East) Mumbai- 400051	BSE Limited P J Towers Dalal Street, Mumbai -400001 India
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Dear Sir/Madam,

Sub: Submission of quarterly Financial Results for the third quarter and nine months ended December 31, 2020

Pursuant to clarification issued by SEBI vide Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/ 167 dated December 24, 2019 and SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, on framework for listing of CPs, please find enclosed the Unaudited Financial results for the third quarter and nine months ended December 31, 2020 approved at the Board meeting held on February 4, 2021, alongwith the limited review report given by the Statutory Auditors, prepared for the purpose of consolidation with our holding company viz., Aditya Birla Capital Limited prepared as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Request to kindly take the same on your records.

Thanking you,

Yours faithfully,
For Aditya Birla Finance Limited

Ankur Shah
Company Secretary

Encl.: as above

Aditya Birla Finance Limited

(A subsidiary of Aditya Birla Capital Ltd.)

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Independent Auditors' Review Report on Review of Special Purpose Financial Information

**To The Board of Directors of
Aditya Birla Finance Limited**

Introduction

1. We have reviewed the accompanying unaudited Special Purpose Financial Information (the "Financial Information" comprising of unaudited financial results for the quarter and nine months ended 31 December 2020) of Aditya Birla Finance Limited (the "Company"). The Company's management is responsible for the preparation and fair presentation of the financial information prepared on the basis and for the purpose described in paragraph 2 below and has been approved by the Board of Directors. Our responsibility is to express a conclusion on the Financial Information based on our review.

Management's Responsibility

2. The Company's Management is responsible for the preparation and presentation of the aforesaid Financial Information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India. This Financial Information is used for the purpose of preparation of Group Reporting Package in accordance with the instructions from Aditya Birla Capital Limited ("ABCL" / "Group") for the inclusion in the Group's consolidated financial results for the quarter and nine months ended 31 December 2020.

Auditors' Responsibility and Scope of Review

3. Our responsibility is to review the Financial Information and express a conclusion on the Financial Information on the basis of our review as described in paragraph 4 below.
4. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India (the "ICAI"). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

5. Based on our review conducted as stated in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Financial Information is not prepared in accordance with the recognition and measurement principles laid down in aforesaid Indian Accounting Standard for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India, or that it contains any material misstatement.

Emphasis of Matters

6. We draw attention to Note 5 to the financial information in which the Company describes the continuing uncertainties arising from COVID 19 pandemic.

Our conclusion is not modified in respect of this matter.

Deloitte Haskins & Sells LLP

7. We draw attention to Note 4 to the financial information, the figures of the of the previous periods have been restated to include the financial information of the Aditya Birla Capital Technology Services Limited which has been amalgamated with the Company with effect from April 1, 2018. The financial results of the Aditya Birla Capital Technology Services Limited for the nine months ended 31 December 2019 was reviewed by another firm of Chartered Accountants whose report on these financial results expressed an unmodified conclusion.

The financial information of the Company for the year ended 31 March, 2020, Quarter & Nine months ended 31 December 2019 prepared in accordance with Ind AS included in this Statement have been reviewed / audited by the predecessor auditor. The report of these auditors on these financial information expressed an un-modified conclusion / opinion.

Our conclusion on the Financial Results is not modified in respect of these matters.

Basis of Preparation and Restriction on use and distribution

8. Without modifying our conclusion, we draw attention to Note 1 to the Financial Information, which describes the basis of preparation of Financial Information. The Financial Information has been prepared by the Company, on the basis and for the purpose stated in para 2 above. As a result, the Financial Information may not be suitable for another purpose. Our report is intended solely for the use by the Board of Directors of the Company, the Group in the preparation of the consolidated financial results and their auditors and should not be distributed to or used by other parties.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)

UDIN: 21039826AAAABN2720

Mumbai, 04 February, 2021

Aditya Birla Finance Limited
Statement of Financial Results for the Quarter & Nine month ended 31 December, 2020

(₹ in Lakhs)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year Ended
		31 Dec, 2020 (Unaudited)	30 Sep, 2020 (Unaudited)	31 Dec, 2019 (Unaudited)	31 Dec, 2020 (Unaudited)	31 Dec, 2019 Unaudited	31 Mar, 2020 (Audited)
1	Revenue from Operations						
	Interest Income	1,28,817.20	1,35,198.18	1,41,206.65	3,97,439.43	4,35,723.09	5,72,706.65
	Dividend Income	0.68	-	0.73	0.68	820.73	1,924.97
	Fees and Commission Income	3,682.62	3,052.18	3,794.70	8,557.24	12,344.42	16,361.38
	Net gain on Fair Value Changes	822.99	2,822.44	4,053.11	7,214.98	12,807.08	16,649.46
	Total Revenue from Operations	1,33,323.49	1,41,072.80	1,49,055.19	4,13,212.33	4,61,695.32	6,07,642.46
2	Other Income	264.53	485.69	334.34	1,227.58	1,147.77	1,296.07
3	Total Income (1+2)	1,33,588.02	1,41,558.49	1,49,389.53	4,14,439.91	4,62,843.09	6,08,938.53
4	Expenses						
	Finance costs	72,224.95	78,415.37	88,967.58	2,33,534.27	2,73,290.47	3,60,812.40
	Impairment on Financial Instruments (Refer note 3)	15,508.51	19,077.86	15,500.70	54,613.81	38,568.98	70,707.00
	Employee benefit expenses	10,977.10	10,997.31	9,849.88	32,605.60	31,603.94	40,480.52
	Depreciation, Amortization and Impairment	1,577.96	1,606.15	1,236.09	4,388.49	3,660.70	4,976.64
	Other expenses	7,246.80	7,084.91	6,935.29	19,978.80	18,270.04	26,671.24
	Total Expenses	1,07,535.32	1,17,181.60	1,22,489.54	3,45,120.97	3,65,394.13	5,03,647.80
5	Profit before exceptional items and tax (3-4)	26,052.70	24,376.89	26,899.99	69,318.94	97,448.96	1,05,290.73
6	Tax Expenses						
	Current Tax	3,150.00	8,400.00	8,410.00	21,220.00	27,906.44	29,136.44
	Deferred Tax Expenses / (Benefits)- (Net)	3,569.29	(2,162.97)	(1,475.39)	(3,387.25)	3,561.33	(3,793.01)
	Prior year adjustments	-	-	-	-	(839.31)	(547.30)
	Total Tax Expenses	6,719.29	6,237.03	6,934.61	17,832.75	30,628.46	24,796.13
7	Profit for the period/year (5-6)	19,333.41	18,139.86	19,965.38	51,486.19	66,820.50	80,494.60
8	Other Comprehensive Income (OCI)						
	Items that will not be reclassified to profit and loss						
	Re-measurement profit / (loss) on defined benefit plans	(12.56)	130.16	17.43	311.85	(172.78)	(425.93)
	Gain/(Loss) on Investments	-	35.36	-	35.36	(13.89)	(13.89)
	Income tax relating to items that will not be reclassified to profit or loss	3.16	(41.66)	(4.80)	(87.39)	46.63	110.34
	Items that will be reclassified to profit and loss						
	Fair Value change on derivatives designated as cash flow hedge	1,044.35	135.30	(479.12)	(1,992.81)	(479.12)	(1,649.32)
	Income tax relating to items that will be reclassified to profit or loss	(262.84)	(34.05)	120.58	501.55	120.58	415.10
	Total other comprehensive income	772.11	225.11	(345.91)	(1,231.44)	(498.58)	(1,563.70)
9	Total Comprehensive Income for the period/year (7+8)	20,105.52	18,364.97	19,619.47	50,254.75	66,321.92	78,930.90
10	Paid up Equity share Capital of ₹ 10 each	66,210.08	66,210.08	66,210.08	66,210.08	66,210.08	66,210.08
11	Reserve excluding Revaluation Reserve						7,41,604.96
12	Basic/Diluted Earnings per share (in ₹) (Not annualised except for year ended 31 March, 2020)	2.92	2.74	3.02	7.78	10.09	12.16

Notes:

- The above financial results have been prepared for the purpose of inclusion in consolidated financial results of Aditya Birla Capital Limited (Parent company) as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended and are in accordance with recognition and measurement principles laid down in Indian Accounting Standards.
- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings, held on 04 February, 2021. These results have been subjected to a "Limited Review" by the statutory auditors of the Company.
- The above Impairment on Financial Instruments includes Bad Debts written off which were earlier provided for are as below:

Particulars	Quarter ended			Nine months ended		Year Ended
	31 Dec, 2020 (Unaudited)	30 Sep, 2020 (Unaudited)	31 Dec, 2019 (Unaudited)	31 Dec, 2020 (Unaudited)	31 Dec, 2019 Unaudited	31 Mar, 2020 (Audited)
Bad Debts Written Off	28,371.32	8,809.75	7,578.62	42,936.81	27,812.57	33,577.95

- 4 At the meeting of the Board of Directors held on 10 September, 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 Online Platform and marketing business ("transaction business") of Aditya Birla Capital Technologies Services Limited, ABCTSL (formerly known as Aditya Birla MyUniverse Limited, ABMUL) with the Company. 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' and 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, 2020 & nine month ended 31 December, 2019 have been restated as if the business combination had occurred with effect from 01 April, 2018 irrespective of the actual date of acquisition. Similarly, the value of paid up equity share capital has also been restated to make the Basic/Diluted Earnings per share comparable.
- 5 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package and in accordance therewith, the Company had provided moratorium on the payment of all principal amounts and/or interest, as applicable, falling due between 01 March, 2020 and 31 August, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on 29 February, 2020. For all such accounts, where the moratorium was granted, the asset classification remained standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy).
Given the uncertainty over the potential macro-economic impact and external developments including the final decision of the Honourable Supreme Court in relation to moratorium and other related matters, the Management has considered reasonable internal and external supportable information up to the date of approval of these financial results, and estimated the expected credit loss based on certain judgements in accordance with the policy of the Company for impairment of financial assets carried at amortised cost and in relation to revenue recognition.
Based on the current indicators of future economic conditions, the Company considers these provisions to be adequate. The extent to which the pandemic impact future results of the Company will depend on future developments, which are highly uncertain. Given the uncertainty over the potential macro-economic condition and judicial decisions, the impact of the COVID pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.
- 6 During the quarter ended 31 December, 2020, Based on RBI's resolution framework for Stressed MSME loan and other loan assets on account of COVID-19 pandemic related stress or otherwise, the Company has provided resolution plan to eligible borrowers with a total outstanding of Rs 691 Crores as of 31 December, 2020. The resolution offered to the borrowers is based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company in accordance vide Notification No. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 and DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August, 2020 and RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated 11 February 2020. As the implementation of majority of the requests have been carried out, the only exceptional requests pending for implementation is where the customer has to come back with documents or terms of invocation have been agreed and implementation of the Inter Creditor Agreement will be done within the regulator prescribed timelines. For MSME loans where the deadline is of 31 March, 2021, the implementation will continue till March 2021.
- 7 Operating business segment results are reviewed regularly by the Company's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance. Business segment is the primary segment comprising of 'Finance through various line of business'. As the Company operates only in a single business segment, no segment information thereof is given as required under Ind AS 108.
- 8 **Scheme for grant of ex-gratia payment:**
During the quarter and period, the company has credited accounts of or remitted amounts to eligible borrowers under the Scheme amounting to ₹1,213.18 lakhs in accordance with the Scheme of the Government of India for grant of ex-gratia being the difference between compound interest and simple interest for a period of six months to borrowers in specified loan accounts for the period commencing on 01 March, 2020 and ending on 31 August, 2020.
- 9 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 10 During the nine month ended 31 December 2020, the Company has changed its definition of significant increase in credit risk for classifying loan assets as Stage 2 from 60 days past due to 30 days past due. The change does not have a significant impact on the reported results of the corresponding previous periods.
- 11 During the period, interest income, fee and other costs measured on the basis of Effective Interest Rate are aggregated and disclosed as a part of Interest Income. The figures for the corresponding previous periods have accordingly been restated.
- 12 The figures for previous year/period have been regrouped/rearranged wherever necessary to conform to current period presentation which were subject to audit/limited review by erstwhile statutory auditors.

Place : Mumbai
Date: 04 February 2021

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