

Aditya Birla Finance Limited

(A subsidiary of Aditya Birla Capital Ltd.)



ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

August 6, 2020

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

Dear Sir/Madam,

Sub: Submission of quarterly Financial Results for the first quarter ended June 30, 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 first quarter ended June 30, 2020 approved at the Board meeting held on August 6, 2020, 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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CIN: U65990GJ1991PLC064603



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 ended June 30, 2020) of Aditya Birla Finance Limited (the "Company"). This Financial Information is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report 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 inclusion in the Group consolidated financial results for the quarter ended June 30, 2020.

Auditors' Responsibility

3. Our responsibility is to review the Financial Information and express a conclusion that the Financial Information is prepared and derived, 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.

Scope of Review

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.

Deloitte Haskins & Sells LLP

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 Matter

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.

Other Matters

7. We draw attention to Note 6 to the Financial Information, which explains the accounting for the acquisition of the transaction business of Aditya Birla Capital Technology Services Limited with the Company, with effect from January 1, 2020 as the appointed date. Accordingly the figures of the period ended June 30, 2019 have been restated.

The comparative financial information of the Company for the quarter ended June 30, 2019 and for the quarter and year ended March 31, 2020 prepared in accordance with Ind AS included in Financial information have been reviewed / audited by the predecessor auditor/other auditors. The report of these auditors on these comparative financial information expressed an un-modified conclusion / opinion.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
(Membership No: 118784)
UDIN: 20118784AAAAAE3843

Mumbai, August 6, 2020

Aditya Birla Finance Limited
Statement of Financial Results for the quarter ended 30 June, 2020

(₹ in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended
		30 June, 2020 (Unaudited)	31 March, 2020 (Unaudited)	30 June, 2019 (Unaudited)	31 March, 2020 (Audited)
1	Revenue from Operations				
	Interest Income	1,34,191.41	1,38,865.05	1,50,937.23	5,77,592.81
	Dividend Income	-	1,104.24	820.00	1,924.97
	Fees and Commission Income	1,822.44	3,984.56	4,851.61	16,233.79
	Net gain on Fair Value Changes	3,370.64	3,488.59	3,150.63	15,847.81
	Total Revenue from Operations	1,39,384.49	1,47,442.44	1,59,759.47	6,11,599.38
2	Other Income	477.36	148.30	474.02	1,296.07
3	Total Income (1+2)	1,39,861.85	1,47,590.74	1,60,233.49	6,12,895.45
4	Expenses				
	Finance costs	82,893.95	87,521.92	93,150.15	3,60,812.39
	Impairment on Financial Instruments (Refer note 3)	20,027.44	32,138.02	9,626.35	70,707.00
	Employee benefit expenses	10,631.19	8,876.58	11,205.67	40,480.52
	Depreciation, Amortization and Impairment	1,204.38	1,315.94	1,184.34	4,976.64
	Other expenses	6,215.54	9,896.51	5,644.65	30,628.17
	Total Expenses	1,20,972.50	1,39,748.97	1,20,811.16	5,07,604.72
5	Profit before exceptional items and tax (3-4)	18,889.35	7,841.77	39,422.33	1,05,290.73
6	Tax Expenses				
	Current Tax	9,670.00	1,230.00	15,770.00	29,136.44
	Deferred Tax Expenses / (Benefits)- (Net)	(4,793.57)	(7,354.34)	(1,941.24)	(3,793.01)
	Prior year adjustments	-	292.01	-	(547.30)
	Total Tax Expenses	4,876.43	(5,832.33)	13,828.76	24,796.13
7	Profit for the period/year (5-6)	14,012.92	13,674.10	25,593.57	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	194.25	(253.15)	(75.04)	(425.93)
	Income tax effect of above	(48.89)	63.71	26.77	106.84
	Gain/(Loss) on Investments	-	-	-	(13.89)
	Income tax effect of above	-	-	-	3.50
	Items that will be reclassified to profit and loss				
	Fair Value change on derivatives designated as cash flow hedge	(3,172.46)	(1,170.20)	-	(1,649.32)
	Income tax impact on above	798.44	294.52	-	415.10
	Total other comprehensive income	(2,228.66)	(1,065.12)	(48.27)	(1,563.70)
9	Total Comprehensive Income for the period/year (7+8)	11,784.26	12,608.98	25,545.30	78,930.90
10	Paid up Equity share Capital of ₹ 10 each	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)	2.12	2.07	3.87	12.16

Aditya Birla Finance Limited

Statement of Financial Results for the quarter ended 30 June, 2020

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 Meeting held on 06 August, 2020. The statutory auditors of the Company have carried out Limited Review of the aforesaid results.
- The above Impairment on Financial Instruments includes Bad Debts written off (net of recovery) which were earlier provided for are as below:

Particulars	Quarter ended			Year ended
	30 June, 2020	31 March, 2020	30 June, 2019	31 March, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Bad Debts Written Off	5,755.74	5,765.38	8,142.61	33,577.95

- The Company is primarily engaged in financing activities. It operates in 3 segments namely financing activities, trading and other activities and wealth business. Segment wise breakup is disclosed as follows.

Particulars	Quarter ended			Year ended
	30 June, 2020	31 March, 2020	30 June, 2019	31 March, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment Revenue				
Financing Activities	1,35,433.07	1,42,054.74	1,56,729.37	5,94,174.42
Trading Activities	3,514.32	4,344.12	2,073.82	13,712.72
Wealth and Online platform & marketing business	914.46	1,191.88	1,430.30	5,008.31
Total Segment Revenue	1,39,861.85	1,47,590.74	1,60,233.49	6,12,895.45
Segment Results (Profit Before Tax)				
Financing Activities	20,343.86	9,255.79	38,547.63	1,09,847.90
Trading Activities	(1,241.79)	(988.22)	1,765.88	(2,385.19)
Wealth and Online platform & marketing business	(212.72)	(425.80)	(891.18)	(2,171.98)
Total Segment Results	18,889.35	7,841.77	39,422.33	1,05,290.73
Segment Assets				
Financing Activities	46,67,923.88	48,87,552.42	51,12,007.11	48,87,552.42
Trading Activities	1,98,946.62	2,60,238.05	3,20,000.00	2,60,238.05
Wealth and Online platform & marketing business	5,893.93	1,643.09	3,844.86	1,643.09
Unallocated Corporate Assets	52,463.42	47,423.87	24,384.03	47,423.87
Total Assets	49,25,227.85	51,96,857.43	54,60,236.00	51,96,857.43
Segment Liabilities				
Financing Activities	39,19,539.76	41,54,312.26	44,17,068.91	41,54,312.26
Trading Activities	1,66,372.28	2,19,477.18	2,72,469.71	2,19,477.18
Wealth and Online platform & marketing business	19,716.51	15,252.95	15,820.77	15,252.95
Total Liabilities	41,05,628.55	43,89,042.39	47,05,359.39	43,89,042.39
Capital Employed				
Financing Activities	7,48,384.12	7,33,240.16	6,94,938.20	7,33,240.16
Trading Activities	32,574.34	40,760.87	47,530.29	40,760.87
Wealth and Online platform & marketing business	(13,822.58)	(13,609.86)	(11,975.91)	(13,609.86)
Unallocated Corporate Assets	52,463.42	47,423.87	24,384.03	47,423.87
Total Capital Employed	8,19,599.30	8,07,815.04	7,54,876.61	8,07,815.04

Aditya Birla Finance Limited

Statement of Financial Results for the quarter ended 30 June, 2020

- 5 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 extending regulatory reliefs enabled banks, lending institutions and NBFCs to offer moratorium up to 3 months on repayment of EMIs, payment of interest on working capital exposures falling due between 01 March, 2020 and 31 May, 2020 to all eligible borrowers. The said relief has been extended for a further period of 3 months ending 31 August 2020 vide 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 request. As on 30 June, 2020, the staging of these accounts is basis days past due status obtaining as on 29 February, 2020 in compliance to the RBI circular. As per the Company's assessment, the extension of moratorium in terms of the RBI relief by itself cannot be treated as an indicator of significant increase in the credit risk.
- The Company recognizes the need to make reasonable estimation of the economic impact of this pandemic on the repayment ability of its borrowers, and make additional provisions as considered appropriate, over-and-above the extant provisions as per the company's ECL policy, for expected credit losses. The Company has segmented its portfolio basis various parameters to ascertain the likely detrimental impact on the credit risk in the portfolio as a result of the economic fallout of Covid-19 and basis its estimates, assumptions and judgements arrived at the additional provision required to take care of the expected credit loss in its financial results. Given the continued uncertainty over the potential macro-economic condition, the impact of economic fallout of the COVID-19 on the portfolio of the company 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 adjustments as considered appropriate will be given in the respective future period.
- 6 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 Online Platform and marketing business ("transaction business") of Aditya Birla Capital Technology 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/results for the year ended 31 March, 2020 & quarter ended 30 June 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. If the financial statements were not restated, the Net Profit before Tax would have been higher by Rs. 1,574.17 lakhs for the year ended 31 March, 2020 and Rs. 644.51 lakhs for the quarter ended 30 June, 2019.
- 7 The figures for the quarter ended 31 March, 2020 is the balancing figures between audited figures in respect of the full financial year and the published year to date figure upto the end of third quarter of the previous financial year which were subject to limited review by erstwhile statutory auditors.
- 8 In the current period, interest income includes processing fee (net of costs). Accordingly previous period/ year figures have been regrouped / rearranged wherever necessary to conform to the current period presentation.

Place : Mumbai
Date: 06 August, 2020

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