

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Capital Advisors Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Aditya Birla Capital Advisors Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

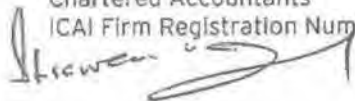
Auditor's Report
Aditya Birla Capital Advisors Private Limited
Year Ended March 31, 2014

Page 2 of 5

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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



per Shrawan Jalan
Partner
Membership Number: 102102
Mumbai
May 3, 2014

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

Re: Aditya Birla Capital Advisory Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company did not have any inventory during the year. Accordingly the clause 4(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (v) (b) of paragraph 4 of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty,

cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, , customs duty, excise duty and cess which have not been deposited on account of any dispute
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash loss in the current and immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institution, bank and not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- 4 (xx) The Company has not raised any money by public issues during the year.

S.R. BATLIBOI & Co. LLP

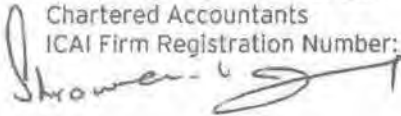
Chartered Accountants

Auditor's Report
Aditya Birla Capital Advisors Private Limited
Year Ended March 31, 2014

Page 5 of 5

- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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



per Shrawan Jalan
Partner
Membership Number: 102102
Mumbai
May 3, 2014

Aditya Birla Capital Advisors Private Limited
Balance Sheet as at 31st March, 2014

		₹ in Rs	
		As at	As at
	Note No.	31st March, 2014	31st March, 2013
EQUITY AND LIABILITIES			
(A) Shareholders' Funds			
Share Capital	1	35,000,000	35,000,000
Equity			
Reserves and Surplus	2	184,992,449	122,649,368
	Sub-Total - (A)	219,992,449	157,649,368
(B) Non-Current Liabilities			
Deferred Tax Liabilities (Net)	3	-	4,990,437
	Sub-Total - (B)	-	4,990,437
(C) Current Liabilities			
Trade Payables	4	24,278,768	31,140,975
Other Current Liabilities	5	1,763,238	1,773,340
Short-term Provisions	6	8,893,798	12,827,652
	Sub-Total - (C)	34,935,804	45,741,967
	TOTAL (A)+(B)+(C)	254,928,253	208,381,772
ASSETS			
(D) Non-Current Assets			
Fixed Assets			
Tangible Assets	7	2,915,052	4,282,460
		2,915,052	4,282,460
Deferred Tax Assets (Net)	3	3,439,443	-
Long-term Loans and Advances	8	6,152,776	26,887,528
	Sub-Total - (D)	12,507,271	31,169,988
(E) Current Assets			
Current Investments	9	217,464,279	150,653,168
Trade Receivables	10	-	124,327
Cash & Bank Balances	11	2,409,146	155,918
Short-term Loans and Advances	8A	22,547,557	26,278,371
		242,420,982	177,211,784
	TOTAL (D)+(E)	254,928,253	208,381,772

Significant Accounting Policies

17

The accompanying Notes are an integral part of the Financial Statements

As per our attached Report of even date

For and on behalf of Board of Directors of
For Aditya Birla Capital Advisors Private Limited

FOR S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No.301003E

Shrawan

Shrawan
Director

Shrawan
Director

per Shrawan Jalan
Partner
Membership no.102102
Mumbai, May 3, 2014



Shrawan
COMPANY SECRETARY

Shrawan
CFO



Aditya Birla Capital Advisors Private Limited
Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Rs

	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Revenue from Operations	12	231,910,286	235,488,136
Other Income	13	17,822,223	13,866,079
Total Revenue		249,732,509	249,354,215
Expenses			
Employee Benefits Expenses	14	103,582,439	109,107,869
Distribution expenses		23,330,591	27,711,080
Other Expenses	15	30,281,445	23,793,774
Total Expenses		157,194,475	160,612,723
Profit before Depreciation/Amortisation, Interest and Tax (PBDIT)		92,538,034	88,741,492
Depreciation and Amortisation Expenses		2,579,305	3,690,680
Profit Before Tax		89,958,729	85,050,812
Tax Expenses			
- Current Tax		34,040,451	34,146,295
- Tax expense of earlier year		2,005,078	-
- Deferred Tax		(8,429,881)	(9,611,199)
Profit for the Year		62,343,081	60,515,716
Basic Earnings per Share			
Diluted Earnings per Share	16		
(Face Value of ₹ 10/- each)			

Significant Accounting Policies

17

The accompanying Notes are an integral part of the Financial Statements

As per our attached Report of even date

For and on behalf of Board of Directors
 For Aditya Birla Capital Advisors Private Limited

FOR S.R. BATLIBOI & CO. LLP
 Chartered Accountants
 ICAI Firm Registration No.301003E

[Signature]

Pr. Thrawan Jalan
 Partner
 Membership no.102102
 Mumbai, May 3, 2014



[Signature]
 Director

[Signature]
 Director

[Signature]
 COMPANY SECRETARY

[Signature]
 CFO

Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

₹ in Rs

NOTE: 1

SHARE CAPITAL

Authorised:

Equity shares of ₹ 10/- each of the company

	As at 31st March, 2014	As at 31st March, 2013
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	50,000,000	50,000,000
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	50,000,000	50,000,000
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Issued, Subscribed & paid-up

EQUITY SHARE CAPITAL

Equity Shares of ₹ 10/- each fully paid-up

	35,000,000	35,000,000
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	35,000,000	35,000,000
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1. Reconciliation of the number of shares outstanding at the beginning and at the end of the period

S. No.	Description	As at 31st March 2014 Equity Shares	As at 31st March 2013 Equity Shares
1	Number of shares outstanding at the beginning of the period @ ₹ 10 each	3,500,000	3,500,000
2	Number of shares outstanding at the end of the period @ ₹ 10 each	3,500,000	3,500,000

2. Term/right attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company.

3. As per records of the Company, including register of shareholder/ members and other declarations received from

the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

4. The entire share capital is held by Aditya Birla Financial Services Private Limited, the holding Company and its nominee.

5. Shares in the Company held by each shareholder holding more than 5 percent shares and the number of shares held are as under:-

Equity Shares

S. No.	Name of Share Holder	As at 31st March 2014		As at 31st March 2013	
		No of Shares held	% of total paid-up equity share capital	No of Shares held	% of total paid-up equity share capital
1	Aditya Birla Financial Services Private Limited with its nominees	3,500,000	100.00%	3,500,000	100.00%



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

₹ in Rs

	As at 31st March, 2014	As at 31st March, 2013
NOTE: 2		
RESERVES & SURPLUS		
Surplus/(Deficit) in the statement of Profit and Loss	122,649,368	62,133,652
Opening Balance as per last audited Financial Statement		
Addition:		
Profit of the Year	62,343,081	60,515,716
	<u>184,992,449</u>	<u>122,649,368</u>
	<u>184,992,449</u>	<u>122,649,368</u>
NOTE: 3		
DEFERRED TAX LIABILITIES / (ASSETS) (NET)		
DEFERRED TAX LIABILITIES		
Differences due to accelerated amortisation of distribution cost Income Tax Act	1,262,780	9,192,848
	<u>1,262,780</u>	<u>9,192,848</u>
DEFERRED TAX ASSETS		
Depreciation	1,681,047	1,333,521
Provision for Leave Encashment	3,021,176	2,868,890
	<u>4,702,223</u>	<u>4,202,411</u>
Deferred Tax Liabilities / (Asset) (Net)	<u>(3,439,443)</u>	<u>4,990,437</u>
NOTE: 4		
TRADE PAYABLES		
Trade Payables for salaries, wages, bonus and other employee benefits	22,430,585	29,638,684
Trade Payables (Others) (Refer Note No.13)	1,848,183	1,502,291
	<u>24,278,768</u>	<u>31,140,975</u>



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

	As at 31st March, 2014	₹ In Rs As at 31st March, 2013
Note:5		
OTHER CURRENT LIABILITIES		
Statutory Dues	1,763,238	1,773,340
	<u>1,763,238</u>	<u>1,773,340</u>
Note: 6		
SHORT-TERM PROVISIONS		
Provisions for Employee Benefits:		
Leave Encashment	8,888,427	8,440,393
Gratuity payable (Funded)	-	569,130
Wealth Tax	5,371	3,818,129
	<u>8,893,798</u>	<u>12,827,652</u>
Note: 8		
LONG-TERM LOANS AND ADVANCES		
Security Deposits	4,876,300	4,876,300
Advance tax net of Provision	1,016,476	17,777,712
Loans and Advances to Employees	260,000	500,000
Prepaid Expenses	-	3,733,516
	<u>6,152,776</u>	<u>26,887,528</u>
NOTE: 8A		
SHORT-TERM LOANS AND ADVANCES		
(Unsecured, Considered Good, except otherwise stated)		
Receivable from Related Party	-	1,261
Service tax input credit	1,521,559	597,363
Advance tax net of Provision	14,710,146	-
Prepaid Expenses	5,150,292	24,994,720
Contribution to Superannuation Fund	980,547	685,027
Gratuity Receivable	28,907	-
Receivables – others	156,106	-
	<u>22,547,557</u>	<u>26,278,371</u>
Note: 9		
INVESTMENTS: CURRENT		
Unquoted		
Investments in	67,464,279	50,658,704
6,72,643.248 units (previous year 5,06,180.548) of Birla Sun Life Savings Fund Daily Dividend Reinvestment Scheme		
9,38,257.056 units (previous year 9,38,257.056) of Birla Sun Life Income Plus Growth Scheme	50,000,000	49,994,464
11,55,201.294 units (previous year 11,55,201.294) of Birla Sun Life Short term Fund Growth Scheme	50,000,000	50,000,000
50,00,000 units (previous year NIL) of Birla Sun Life FTP Series KU	50,000,000	-
Aggregate amount of unquoted investments of Rs.2,17,464,279/- (Previous year Rs.1,50,653,168/-)		
	<u>217,464,279</u>	<u>150,653,168</u>



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

NOTE: 7

TANGIBLE ASSETS

	Leasehold Improvements*	Furniture & Fixtures*	Computers & Printers	Office Equipment*	Vehicles	TOTAL
Gross Block						
As at 1st April, 2012	4,635,524	679,124	3,535,110	568,780	6,513,800	15,932,338
Additions	-	-	331,695	23,448	-	355,143
Deletions	-	-	-	-	-	-
As at 31st March, 2013	4,635,524	679,124	3,866,805	592,228	6,513,800	16,287,481
Additions	-	-	-	-	1,690,569	1,690,569
Deletions	-	-	-	-	3,081,064	3,081,064
As at 31st March, 2014	4,635,524	679,124	3,866,805	592,228	5,123,305	14,896,986
Accumulated Depreciation						
As at 1st April, 2012	2,518,937	318,686	2,076,201	281,291	3,119,226	8,314,341
For the year	935,280	164,724	889,145	129,092	1,572,439	3,690,680
Deletions	-	-	-	-	-	-
As at 31st March, 2013	3,454,217	483,410	2,965,346	410,383	4,691,665	12,005,021
For the year	935,280	131,025	470,400	43,280	999,320	2,579,305
Deletions	-	-	-	-	2,602,392	2,602,392
As at 31st March, 2014	4,389,497	614,435	3,435,746	453,663	3,088,593	11,981,934
Net Block as at 31st March, 2013	1,181,307	195,714	901,459	181,845	1,822,135	4,282,460
Net Block as at 31st March, 2014	246,027	64,689	431,059	138,565	2,034,712	2,915,052

* Includes assets viz. Furniture and Fixture Rs.120,336 (Previous year Rs.120,336), Office equipment Rs.11,119 (Previous year Rs.11,119) Leasehold Improvements Rs.1,773,598 (Previous year Rs.1,773,598) are jointly held with the companies of Aditya Birla Financial service Group



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

₹ in Rs

	As at 31st March, 2014	As at 31st March, 2013
NOTE: 10		
TRADE RECEIVABLES		
Aditya Birla Private Equity - Sunrise Fund	-	124,327
	-	124,327
NOTE: 11		
CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	2,388,074	152,060
Cash on Hand	21,072	3,858
(A)	<u>2,409,146</u>	<u>155,918</u>



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

	₹ in Rs	
	Period Ended 31st March, 2014	Year Ended 31st March, 2013
NOTE: 12		
REVENUE FROM OPERATIONS		
Management Fees	231,910,286	235,488,136
	<u>231,910,286</u>	<u>235,488,136</u>
NOTE: 13		
OTHER INCOME		
Interest Income - Others	67,397	-
Dividends Income on current Investments	7,468,088	10,278,492
Net Gain on Sale of current Investments	1,656,393	28,973
Other Non Operating Income	-	-
Profit on Sale of Fixed Assets (Net)	231,971	-
claimed Liabilities / Excess Provision Written Back	8,398,374	3,558,614
	<u>17,822,223</u>	<u>13,866,079</u>
NOTE: 14		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	94,684,241	99,458,104
Contribution to Provident & Other Funds	6,943,999	7,689,003
Staff Welfare Expenses	1,954,199	1,960,762
	<u>103,582,439</u>	<u>109,107,869</u>
NOTE: 15		
OTHER EXPENSES		
Rent	8,471,600	8,471,700
Repairs & Maintenance of:		
Buildings	851,472	851,472
Others	390,900	226,700
Insurance	1,278,162	890,817
Rates & Taxes	15,952	39,788
Advertisement	106,274	109,238
Legal & Profession Expenses	5,117,742	3,576,185
Printing and Stationery	368,885	239,059
Travelling & Conveyance	2,059,831	2,605,399
Communication Expenses	726,201	790,833
Bank Charges	1,191	455
Auditors' Remuneration	622,320	612,287
Directors' Fees	160,000	160,000
Postage Expenses	41,881	34,575
Electricity Charges	760,079	901,659
Information Technology Expenses	295,040	132,007
Security & Housekeeping Expenses	831,952	1,258,676
Membership & Subscription	3,456,992	2,236,349
Recruitment expenses	3,221,888	-
Miscellaneous Expenses	1,503,083	656,574
	<u>30,281,445</u>	<u>23,793,774</u>



Aditya Birla Capital Advisors Private Limited
Notes forming part of Financial Statements

	₹ In Rs	
	As at 31st March, 2014	As at 31st March, 2013
Note :16		
Disclosure pursuant to Accounting Standard-20 - Earnings Per Share		
Earnings per Share (EPS) is calculated as under:		
Net Profit as per the Statement of Profit and Loss	62,343,081	60,515,716
Net Profit for EPS	(A) 62,343,081	60,515,716
Weighted average number of Equity Shares for calculation of Basic EPS	(B) 3,500,000	3,500,000
Basic EPS (₹)	(A/B) 17.81	17.29
Weighted average number of Equity Shares Outstanding	3,500,000	3,500,000
Weighted average number of Equity Shares for calculation of Diluted EPS	(C) 3,500,000	3,500,000
Diluted EPS (₹)	(A/C) 17.81	17.29
Nominal Value of Shares (₹)		



Aditya Birla Capital Advisors Private Limited Cash flow statement for the year ended March 31, 2014	Year ended March 31, 2014	Year ended March 31, 2013
Particulars	Amount in Rs.	Amount in Rs.
A. Cash flow from operating activities		
Net Profit (Loss) before tax and prior period item	89,958,729	85,050,812
Adjustments for :		
Dividend reinvestment	7,468,088	10,278,492
Depreciation/ amortisation	2,579,305	3,690,680
Profit on sale of fixed assets	(231,971)	-
Dividend Income	(7,468,088)	(10,278,492)
Interest Income	(67,397)	-
Unclaimed Liabilities / Excess Provision Written Back	(8,398,374)	(3,558,614)
Profit on Sale of Investment	(1,656,393)	(28,973)
Operating profit before working capital changes	82,183,899	85,153,906
Adjustment for changes in working capital:		
Increase/(decrease) in current liabilities	1,404,969	(20,428,342)
(Increase)/decrease in loans and advances	7,828,657	27,574,010
Cash from operating activities	91,417,525	92,299,573
Tax deducted at source	(23,097,051)	(29,490,652)
Net cash from operating activities (A)	68,320,474	62,808,721
B. Cash flow from Investing activities		
Dividend from mutual fund units	(7,468,088)	(10,278,492)
Net Capital Gain	-	5,537
Sale of fixed assets	710,643	-
Purchase of fixed assets	(1,690,569)	(314,643)
Purchase of Investment (Net)	(182,654,717)	(216,778,492)
Dividend Received	7,468,088	10,278,492
Interest Received	67,397	-
Sale proceeds from investments	117,500,000	154,100,000
Net cash used in Investing activities (B)	(66,067,246)	(62,987,598)
Net Increase / decrease in cash and cash equivalents during the year	2,253,228	(178,877)
Cash and cash equivalent at beginning of the year	155,918	334,795
Cash and cash equivalent at end of the year	2,409,146	155,918

As per our Report of even date

FOR S.R.BATLIBOI & CO.LLP
ICAI Firm Registration No.301003E
Chartered Accountants

Shrawan J

Per Shrawan Jalan
Partner
Membership No.102102

Mumbai, May 3, 2014



For and on behalf of the Board of Directors of
Aditya Birla Capital Advisors Private Limited



Vandana
Director

Ajay Bhatnagar
Director

Shrawan Jalan
COMPANY SECRETARY

Shrawan Jalan
CFO

Aditya Birla Capital Advisors Private Limited

Note No. 17 Significant Accounting Policies and Notes to Accounts

1. Corporate Information

Aditya Birla Capital Advisors Private Limited ('the Company') was incorporated on February 22, 2008 under the provisions of Companies Act, 1956 (the 'Act'). The main object the Company is to provide financial advisory services and management services and to carry on business of advising and managing venture capital funds. The Company was appointed as Investment Manager to the Aditya Birla Private Equity – Fund I and Aditya Birla Private Equity – Sunrise Fund.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) Notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3. Summary of Significant accounting policies

(a) Use of estimate

The preparation of financial statements is in conformity with generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Fixed Assets

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

Fixed assets costing Rs. 5000 or less individually is depreciated or amortized in the year of purchase.

(c) Depreciation

Depreciation on Fixed Assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets

Computers
Furniture and Fixture

Estimated useful life

4 years
4 years



Vehicles 4 years

Office Equipment 4 years

Leasehold improvements are amortised on the straight line basis over the period of lease or five years whichever is shorter.

(d) **Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss statement on a straight-line basis over the period of lease.

(e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(f) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

(g) **Revenue recognition**

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

Management Fees

Management fees have been accrued in accordance with the investment management agreement entered into between the Company and the Fund, net of service tax.

Dividends

Dividend is recognised when right to receive payment is established by the balance sheet date.

Disposal of Investments



On disposal of an investment the difference between carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss using weighted average cost.

(h) Foreign Currency Transaction

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting rate. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange Differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item itself, in substance, forms part of the Company's net investment in a non-integral foreign operation and is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long term currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long- term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Difference Account" and amortized over the remaining life of the concerned asset.
4. All other exchange differences are recognized as income or as expenses in the period in which they arrive.

(i) Retirement and other employee benefits

- i. Retirement benefits in the form of superannuation are defined contribution scheme and the contributions are charged to the statement of profit and loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.



ii. **Defined Benefit Plan**

The Company's liabilities under Payment of Gratuity Act and long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for Short term compensated absences which are provided for based on estimates. Actuarial gain and losses are recognised immediately in the 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.

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

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

(j) **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient



future taxable income will be available against which such deferred tax assets can be realised.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit

(k) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

(l) **Provisions**

Provision is recognized when the enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(n) **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 recognize a contingent liability but discloses its existence in the financial statements.

(o) **Cash and Cash equivalent**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



(p) **Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/loss from continuing operations. In its measurement the Company does not include depreciation and amortization expense, finance costs and tax expense.

4. **Related Party Disclosures:**

Name and relationship with the parties where control exits:-

Ultimate Holding Company	: Aditya Birla Nuvo Limited
Holding Company	: Aditya Birla Financial Services Private Limited
Key Management Person	: Mr. Bharat Banka, Chief Executive Officer
Fellow Subsidiary	: Aditya Birla Trustee Company Private Limited : Aditya Birla Financial Shared Services Private Limited

Related Parties with whom transactions have taken place during the year

Particulars	For the year ended March 31, 2014	For the Year ended March 31, 2013
Transactions		
Aditya Birla Trustee Company Private Limited		
Reimbursement of online Tax paid	1,21,418	1,19,167
Aditya Birla Financial Shared Services Private Limited		
Reimbursement of Expenses	3,06,454	1,35,888
Outstanding amount payable / (receivable)	1,09,058	(1,261)
Remuneration to key managerial personnel		
Bharat Banka – Chief Executive Officer		
Salary, bonus and contribution to PF		
Closing balance as at March 31, 2014:		
Aditya Birla Financial Services Private Limited including Nominee		
35,00,000 (previous year 35,00,000) equity shares of Rs. 10 each Fully Paid	350,00,000	350,00,000

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

5. **Operating leases**

Office premises are obtained on operating lease. The lease term is for 3 years and renewable for further 3 years of by the option of the Company.



Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Lease rental payment for the year	84,71,600	84,71,600

Future minimum lease payments in respect of non cancelable operating lease are as under:

Lease Obligations	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Not later than one year	84,71,700	84,71,700
Later than one year but not later than five year	-	-
Later than 5 years	-	-
Total	84,71,700	84,71,700

6. Distribution Cost

Distribution costs incurred by the Company in respect of Aditya Birla Private Equity - Fund I and the Aditya Birla Private Equity – Sunrise Fund has been accrued over the Commitment Period and the extended Commitment Period of the Fund I and Sunrise Fund, respectively; as defined in the Fund's Private Placement Memorandum.

7. Gratuity:

Employee Plan

(a) Defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 / 30 days salary (last drawn salary) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in Profit and loss account:

Particulars	March 31, 2014	March 31, 2013
(a) The details of the Group's defined benefit plans in respect of Gratuity:		
Amounts recognized in the Balance Sheet in respect of gratuity		



Present value of the funded defined benefit obligation at the end of the year	1,04,36,501	99,74,595
Fair value of plan assets	(1,04,65,408)	(94,05,465)
Net Liability/(Asset)	(28,907)	5,69,130
Amounts recognized in Salary and Employee Benefits in the statement of profit and loss account in respect of gratuity		
Current Service cost	9,86,163	11,75,465
Interest on Defined Benefit Obligations	7,97,968	6,21,637
Expected return on plan assets	(6,75,421)	(5,70,819)
Net Actuarial (gain)/loss recognized during the period	(3,83,242)	5,33,738
Net Gratuity Cost	7,25,468	17,60,012
Actual Return on Plan Assets:		
Expected Return on Plan Assets	6,75,421	5,70,819
Actuarial Gain/ Loss on Plan Assets	(2,15,478)	3,30,392
Actual Return on Plan Assets	4,59,943	9,01,211
Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets:		
Opening Defined Benefit Obligation	99,74,595	73,13,372
Current Service Cost	9,86,163	11,75,456
Interest on Defined Benefit obligations	7,97,968	6,21,637
Benefits paid during the year ending 31-3-2014	(7,23,505)	-
Actuarial (Gain)/ Loss	(5,98,720)	8,64,130
Closing Defined Benefit Obligation	1,04,36,501	99,74,595
Change In Fair Value of Plan Assets		
Opening Fair Value of the Plan Assets	94,05,465	78,04,254
Expected Return on plan assets	6,75,421	5,70,819
Contribution made by Employer	13,23,505	7,00,000
Benefit paid during the year	(7,23,505)	-
Actuarial Gain / Loss on plan assets	(2,15,478)	3,30,392
Closing Fair Value of the Plan Assets	1,04,65,408	94,05,465
Investment Details of Plan Assets		
Government of India Securities	21%	23%
Corporate Bonds	1%	1%
Insured Managed Fund	58%	58%
Deposit Scheme	3%	-
Others	17%	18%
Total	100%	100%
Experience adjustment		
Defined Benefit Obligation	11,385,729	90,94,128
Plan Assets	(1,04,65,408)	94,05,465
Surplus / (deficit)	9,20,321	(3,06,337)
Experience adjustment on Plan Liability	2,92,540	50,181
Experience adjustment on Plan Assets	(2,15,478)	3,30,392



<p>Principal Actuarial Assumptions at the balance sheet date: Discount rate Estimated rate of return on plan assets The Estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Estimated amount of Contribution expected to be paid to the fund during the annual period after the balance sheet date is Rs.22,00,000/- (Previous year Rs.22,00,000/-)</p>	<p>8.00% 9.00% 7.00%</p>	<p>8.00% 8.00% 7.00%</p>
<p>The Company has recognised the following amount as an expense and included in Note No.13 "Contribution to Provident and Other Funds:</p> <p>Contribution to Employees Provident Fund The Guidance Note on implementation of AS -15, Employee Benefits (Revised 2005), issued by the ICAI states that Provident Fund set up by the employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The trust in which the Company contributes towards Provident Fund does not have existing deficit of interest shortfall.</p> <p>The Company contributes 12% of salary for all eligible employees towards Provident Fund managed by approved trusts.</p>	<p>31,66,592</p>	<p>31,33,198</p>

(b) Defined Contribution Plans-	March 31, 2014	March 31, 2013
i) Contribution to Employees Pension Fund	70,871	90,788
ii) Contribution to Superannuation Fund	2,725,954	2,705,005

8. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account not provided for amounts to Rs. NIL (Previous year NIL)

9. Segmental Reporting



Since the Company operates in single segment (i.e. rendering of management services), no further disclosure is required to be given as per the notified AS -17 'Segmental Reporting'.

10. Contingent Liabilities

The Company has no contingent liabilities as at March 31, 2014. (Previous year NIL)

11. Expenditure in Foreign currency (accrual basis)

Particulars	March 31, 2014	March 31, 2013
Travelling and conveyance	NIL	3,51,570

12. Audit Fees

During the year Company has paid following amount to Auditors:

Particulars	March 31, 2014	March 31, 2013
Audit Fees	5,25,000	5,25,000
Tax Audit	75,000	75,000
Reimbursement of expenses	22,320	12,387

13. Micro and Small Scale Business Entities:

There are no Micro and Small Enterprises, to whom the Company owns dues, which are outstanding for more than 45 days as at 31st March 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company

14. Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary.

As per our Report of even date attached

For S.R. BATLIBOI & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
Aditya Birla Capital Advisors Private Limited

per Shrawan Jalan
Partner
Membership No. 102102

Director

Director

Place: Mumbai
Date: 23/05/2014

Chief Financial Officer

Company Secretary

