

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Aditya Birla Capital Limited  
(Formerly known as Aditya Birla Financial Services Limited)

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Aditya Birla Capital Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence



obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

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 and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

The auditors of Aditya Birla Money Limited ("ABML"), without qualifying their opinion on the consolidated financial statements of ABML have drawn attention to Note no. 32 (iii) of the Notes to the Financial Statements relating to the recoverability of assets in the nature of trade receivables, advances, and other assets etc. aggregating to Rs. 18.66 Crore grouped under advances recoverable in cash or kind, which is subject to matter of claim and more fully described therein.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) 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 subsidiaries as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 32 (ii) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 32 (i) to the consolidated financial statements; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2016.

**Other Matter**

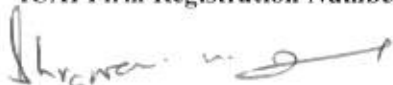
We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose financial statements include total assets of Rs. 969 Crore as at March 31, 2016, and total revenues of Rs. 776 Crore and net cash inflows of Rs 4 crore for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S.R. Batliboi & CO LLP**

Chartered Accountants

**ICAI Firm Registration Number: 301003E/E300005**



**per Shrawan Jalan**

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: 26 June 2017

**ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ADITYA BIRLA CAPITAL LIMITED**

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

In conjunction with our audit of the consolidated financial statements of Aditya Birla Capital Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Aditya Birla Capital Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Act.

**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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports 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 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 financial statements in accordance with generally accepted 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 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 based on auditor's report of four subsidiaries, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained 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, 2016, based on the internal control over financial reporting criteria established by the Holding 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 Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

For **S.R. Batliboi & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Shrawan Jalan**

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: 26 June 2017



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Consolidated Balance Sheet as at 31st March, 2016**

₹ in Crores

	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(A) Shareholders' Funds</b>			
Share Capital	2A	2,533.62	1,914.62
Reserves and Surplus	3	1,921.18	1,055.62
<b>Equity Attributable to Owners of the Parent</b>		<b>4,454.80</b>	<b>2,970.24</b>
Minority Interest		755.76	306.86
<b>Total Equity</b>	Sub-Total - (A)	<b>5,210.56</b>	<b>3,277.10</b>
<b>(B) Preference Share issued by Subsidiary Companies</b>			
	2B	14.70	427.74
<b>(C) Non-Current Liabilities</b>			
Long-term Borrowings	4A	14,346.59	8,798.74
Other Long-term Liabilities	6A	202.68	39.76
Long-term Provisions	7A	179.02	139.98
	Sub-Total - (C)	<b>14,728.29</b>	<b>8,978.48</b>
<b>(D) Current Liabilities</b>			
Short-term Borrowings	4B	7,174.53	4,106.21
Trade Payables- total outstanding dues of			
- Micro enterprises and small enterprises		-	-
- Creditors other than micro enterprises and small enterprises		207.00	184.12
Other Current Liabilities	6B	2,594.21	2,609.64
Short-term Provisions	7B	112.24	58.86
	Sub-Total - (D)	<b>10,087.98</b>	<b>6,958.83</b>
<b>TOTAL (A)+(B)+(C)+(D)</b>		<b>30,041.53</b>	<b>19,642.15</b>
<b>ASSETS</b>			
<b>(E) Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	8A	41.84	28.90
Intangible Assets	8B	24.73	23.61
Capital Work-in-Progress		-	0.13
Intangible Assets under Development		11.24	7.85
		<b>77.81</b>	<b>60.49</b>
Goodwill on Consolidation		247.18	231.97
Non-Current Investments	9A	366.63	331.77
Deferred Tax Assets (Net)	5	99.28	64.15
Long-term Loans and Advances	10A	18,602.64	9,711.85
Other Non-Current Assets	11A	1.10	1.02
	Sub-Total - (E)	<b>19,394.64</b>	<b>10,401.25</b>
<b>(F) Current Assets</b>			
Current Investments	9B	996.56	387.89
Stock of Securities of NBFC Business	12	330.20	467.57
Trade Receivables	13	178.56	124.20
Cash and Bank Balances	14	113.67	280.89
Short-term Loans and Advances	10B	8,641.70	7,825.69
Other Current Assets	11B	386.20	154.66
	Sub-Total - (F)	<b>10,646.89</b>	<b>9,240.90</b>
<b>TOTAL (E)+(F)</b>		<b>30,041.53</b>	<b>19,642.15</b>

Significant Accounting Policies

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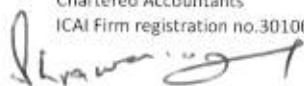
The accompanying Notes are an integral part of the Financial Statements.

As per our attached Report of even date

For **S. R. Batliboi & CO LLP**

Chartered Accountants

ICAI Firm registration no.301003E/E300005



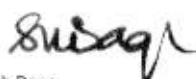
Per Shrawan Jalan  
 Partner  
 Membership No. 102102

For and on behalf of the Board of Directors



Shriram Jagetiya  
 Director  
 DIN-1638250

Pinky Mehta  
 Director  
 DIN : 00020429



Sailesh Daga  
 Company Secretary  
 Mumbai, June 26, 2017



Mumbai, June 26, 2017



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Consolidated Statement of Profit and Loss for the year ended 31st March, 2016**

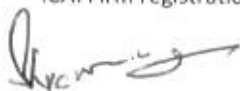
₹ in Crores

	Note No.	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Revenue from Operations	15	3,597.95	2,664.04
Other Income	16	71.18	47.91
<b>Total Revenue</b>		<b>3,669.13</b>	<b>2,711.95</b>
<b>Expenses</b>			
Employee Benefits Expenses	17	501.24	426.06
Brokerage and Discounts		190.35	233.55
Finance Cost relating to lending activity of Subsidiaries	18	1,599.89	1,105.30
Other Finance Cost	19	8.81	5.32
Depreciation and Amortisation Expenses	20	32.85	37.49
Other Expenses	21	467.34	343.81
<b>Total Expenses</b>		<b>2,800.48</b>	<b>2,151.53</b>
<b>Profit Before Tax and Exceptional Item</b>		<b>868.65</b>	<b>560.42</b>
Less : Exceptional Items	24	-	41.40
<b>Profit Before Tax</b>		<b>868.65</b>	<b>519.02</b>
<b>Tax Expenses</b>			
Current Tax		372.91	225.48
MAT Credit		(0.36)	-
Short/(Excess) Provision for Tax of Earlier Years (Net)		7.17	0.82
Deferred Tax		(35.15)	(16.13)
<b>Profit for the Year</b>		<b>524.08</b>	<b>308.85</b>
<b>Profit for the Year Attributable to</b>			
Owners of Parent		380.53	239.21
Minority Interest		143.55	69.64
<b>Profit for the Year (A) + (B)</b>		<b>524.08</b>	<b>308.85</b>
Basic Earnings Per Share (₹)		5.01	3.31
Diluted Earnings per Share (₹)	25	4.34	2.92
(Face Value of ₹ 10/- each)			

Significant Accounting Policies 1  
 The accompanying Notes are an integral part of the Financial Statements.

As per our attached Report of even date  
**For S. R. Batliboi & CO LLP**  
 Chartered Accountants  
 ICAI Firm registration no.301003E/E300005

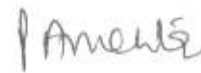
For and on behalf of the Board of Directors



Per Shrawan Jalan  
 Partner  
 Membership No. 102102



Shriram Jagetiya  
 Director  
 DIN-1638250



Pinky Mehta  
 Director  
 DIN : 00020429



Mumbai, June 26, 2017



Suresh Daga  
 Company Secretary  
 Mumbai, June 26, 2017



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Consolidated Cash Flow Statement**  
**For the year ended 31st March, 2016**

₹ in Crores

Particulars	2015-16		
<b>Cash Flow From Operating Activities</b>			
Profit Before Tax		868.65	
Adjustment For-			
Interest income	(31.38)		
General Contingency Provision written back	19.81		
Depreciation	32.85		
Interest Expense Other Than NBFC	8.81		
Foreign Currency Translation Reserve	0.40		
Net gain on sale of investments	(12.93)		
Profit on sale of FA	(0.10)		
Dividend Income	(2.65)		
Operating Profit Before Working Capital Changes		14.81	
Adjustment For-			
Decrease/(Increase) in Trade Receivable	(54.36)		
Decrease/(Increase) in Loans	(9,923.26)		
Decrease/(Increase) in Other Assets	(2.47)		
Decrease/(Increase) in Stock of Securities	137.37		
Decrease/(Increase) in Trade Payable	22.90		
Decrease/(Increase) in Provisions	40.07		
Decrease/(Increase) in Other liabilities	571.00	(9,208.75)	
Cash Generated from Operations		(8,325.29)	
Income Taxes Refund/(paid)		(372.13)	
<b>Net Cash flow from operations</b>			<b>(8,697.42)</b>
<b>Cash Flow from Investing Activities</b>			
Addition to Fixed Assets		(27.34)	
Addition to intangibles		(20.76)	
Deletion from Fixed Assets		0.66	
Dividend Income		2.65	
Purchase of Long term investments		(44.84)	
MF (purchase)/Sale of investments (net)		(595.75)	
Interest Received		35.02	
ICDs(Net)		(3.00)	
Bank Deposits more than 3 months (Net)		15.69	
<b>Net Cash (Used in)/From Investing Activities</b>			<b>(637.67)</b>
<b>Cash Flow from Financing activities</b>			
Proceeds from issue of Equity shares		250.00	
Proceeds from issue of Preference shares(including subsidiaries)		755.00	
Proceeds from Long term borrowings		5,129.10	
Proceeds from Short term including current maturities		3,068.32	
Dividend paid by subsidiaries to MI		(7.90)	
Interest paid(Other than NBFC)		(8.61)	
Dividend		(0.80)	
Dividend tax		(1.35)	
<b>Net Cash (Used in)/From financing Activities</b>			<b>9,183.76</b>
<b>Net increase in Cash and Cash Equivalents</b>			<b>(151.33)</b>
<b>Opening Cash and Cash Equivalents</b>			<b>206.63</b>
<b>Closing Cash and Cash Equivalents</b>			<b>55.30</b>

The group is preparing consolidated financial statements for the first time and is availing exemption from presenting comparatives for the cash flow statements given in transitional provisions to Accounting Standard (AS) – 21, "Consolidated Financial Statements" issued by the The Institute of Chartered Accountants of India.

**Significant Accounting Policies**

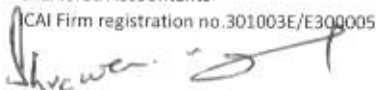
The accompanying Notes are an integral part of the Financial Statements.

As per our attached Report of even date

**For S. R. Batliboi & CO LLP**

Chartered Accountants

ICAI Firm registration no.301003E/E300005



Per Shrawan Jalan

Partner

Membership No. 102102



Mumbai, June 26, 2017

1

For and on behalf of the Board of Directors



Shriram Jagetiya

Director

DIN-1638250

Pinky Mehta

Director

DIN : 00020429



Sailesh Daga

Company Secretary

Mumbai, June 26, 2017





**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

**NOTE: 1**

**SIGNIFICANT ACCOUNTING POLICIES:**

**I. BASIS OF PREPARATION**

The Consolidated Financial Statements (CFS) comprise the financial statement of Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited) ("Company") and its Subsidiaries, (herein after referred to as "Group Companies" and together as "Group") (Refer Annexure 'A' to Note – 1 ). The CFS of the Group 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 Standards (AS) notified under section 133 of the Companies Act , 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014, in case of Non-Banking Financial Companies (NBFCs) guidelines issued by the Reserve Bank of India (RBI), as applicable to NBFC and in case of Housing Finance Companies (HFC) directions and guidelines issued by the National Housing Regulators as applicable to HFC, amended from time to time. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained in paragraph II below.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as upto twelve months for the purpose of current/non-current classification of assets and liabilities.

**II. CHANGE IN ACCOUNTING POLICY**

- a. Aditya Birla Finance Limited (ABFL), a wholly owned subsidiary of the Company, has discontinued contingency provision in the current year created based on management judgement. Accordingly, the Company has reversed general contingency provision of ₹ 19.81 Crore lying in the books of accounts as on 31st March, 2015. As a result, the Profit before tax is higher by ₹ 19.81 Crore in the current year.
- b. ABFL has revised recognition norms of Non-Performing Assets (NPA) from six months to five months and increased provisions on standard assets from 0.25% to 0.30% pursuant to Reserve Bank of India (RBI) notification no. DNBR. 009/CGM (CDS) - 2015 dated 27th March, 2015, which has resulted in additional provision on loan portfolio of ₹ 12.56 Crore in current year. Accordingly the Profit before tax is lower by ₹ 12.56 Crore in the current year.

**III. USE OF ESTIMATES**

The preparation of Consolidated Financial Statements in conformity with Indian GAAP requires the management to make judgments', estimates and assumption that affect reported amounts of revenues, expenses, 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 on the management's best knowledge of current events and actions, uncertainty about these judgments, assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**IV. PRINCIPLES OF CONSOLIDATION**

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standard (AS) – 21, "Consolidated Financial Statements". The Consolidated Financial Statements are prepared by applying uniform accounting policies in use at the Group.



The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates, on which the investment in such entities was made, is recognised in the CFS as Goodwill/Capital reserve.

Minority Interest in the net assets of Subsidiaries consists of:

- i. The amount of equity attributable to the minorities at the date on which investment in Subsidiary is made
- ii. The minorities' share of movements in equity since the date the parent –subsidiary relationship came into existence

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

List of companies included in Consolidation are mentioned in Annexure A

#### V. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on Tangible Fixed Assets is provided on Straight Line Method using the rates arrived at based on the useful lives as specified in the Schedule II of the Companies Act, 2013 or estimated by the management. The Group has used the following useful life to provide depreciation on its fixed assets.

##### A:- Assets where useful life differs from Schedule II:-

<u>Asset</u>	<u>Useful Life as Prescribed by Schedule II of the Companies Act,2013</u>	<u>Estimated Useful Life</u>
1. Buildings	30 Years	60 Years
2. Office Electronic Equipments	5 Years	4 Years
3. Office Computers (end user devices desktop, laptops )	3 Years	3 Years to 5 years
4. Servers	6 Years	3 Years to 5 Years
5. Vehicles	8-10 Years	4 Years to 5 years
6. Electrically operated vehicles	8 Years	5 Years
7. Furniture & Fixtures and Other Office Equipments	10 Years	2 Years to 10 years

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

##### D: - Leasehold Assets

1. Leasehold land	Period of Lease
2. Leasehold Improvements	Period of Lease



Fixed Assets, individually costing less than Rupees five thousands, are fully depreciated in the year of purchase.

#### **Intangible assets under development**

Expenditure on development eligible for capitalisation are carried as Intangible asset under development where such assets are not yet ready for intended use.

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

#### **VI. INTANGIBLE ASSETS AND AMORTISATION**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

<b>Assets</b>	<b>Estimate Useful Life</b>
1. Brands / Trademarks	5 to 10 years
2. Computer Software	2 to 6 years
3. Investment Management Rights	Over period of 10 years
4. Non-Compete Fees	3 Years
5. Goodwill on Consolidation	Not being amortised (Tested for Impairment)

#### **VII. IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each Balance Sheet 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. 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. Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

#### **VIII. BORROWING COST**

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such assets are ready for its intended use.

Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

#### **IX. TRANSLATION OF FOREIGN CURRENCY ITEMS**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. With respect to exchange difference arising on translation/settlement of long-term foreign currency items from 1st April, 2011, the Group has adopted following policy:

(i) Foreign exchange difference on account of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.

(ii) In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term asset/liability.

Exchange difference on restatement of all other monetary items is recognised in the Statement of Profit and Loss. Other non-monetary items like fixed assets, investments in equity shares are carried in terms of historical cost using the exchange rate at the date of transaction.

Translation of foreign subsidiary is done in accordance with AS – 11 (Revised) - "The Effects of Changes in Foreign Exchange Rates". In the case of subsidiaries, the operation of which are considered as integral, the Balance Sheet items have been translated at closing rate except share capital and fixed assets, which have been translated at the transaction date. The income and



expenditure items have been translated at the average rate for the year. Exchange Gain/(Loss) is recognised in the Statement of Profit and Loss.

In case of subsidiaries, the operation of which are considered as non-integral, all assets and liabilities are converted at the closing rate at the end of the year and items of income and expenditure have been translated at the weighted average rates, where such rates approximate the exchange rate at the date of transaction. Exchange gain/(loss) arising on conversion is recognised under Foreign Currency Translation Reserve.

#### **X. INVESTMENT**

Investments, which are readily realisable 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.

Investments are recorded at cost on the date of purchase, which includes acquisition charges such as brokerage, stamp duty, taxes, etc. but excludes pre-acquisition interest i.e. (from the previous coupon date to the transaction settlement date), if any, on purchase. If an investment is acquired in exchange of another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current Investments are stated at lower of cost and net realisable value. Long term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in the value.

#### **XI. STOCK OF SECURITIES OF NBFC BUSINESS**

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

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

#### **XII. REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of Service Tax. In case of fixed price contracts revenue is recognised on percentage of completion method and revenue from time and materials contract is recognised as the services are provided.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate except in case of NBFC business non-performing assets are recognised on receipt basis.

Dividend income on investments is accounted for when the right to receive the payment is established

Income from **Financial Services** includes brokerage and fees on mutual fund units, bonds, fixed deposits, IPOs private equity and other alternative products, and services which is recognised when due, on completion of transaction. Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of Scheme Information Documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. Advisory and portfolio management fees are accounted on an accrual basis as per contractual



terms with clients. Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis. Stock and Commodity Brokerage Income is recognised on the trade date of the transaction upon confirmation of the transactions by the exchanges. Trusteeship fee is recognised on an accrual basis, in accordance with the terms of the Trust Deed.

### **XIII. SCHEME EXPENSES (ASSET MANAGEMENT BUSINESS)**

Expenses relating to New Fund Offer are charged to the Statement of Profit and Loss. Expenses of schemes of Birla Sun Life Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996, and expenses incurred directly (inclusive of advertisement/brokerage of expenses) on behalf of the schemes of Birla Sun Life Mutual Fund are charged to the Statement of Profit and Loss in the year in which they are incurred. Trail Commission paid for future period for Equity Link Saving Schemes (ELSS), Fixed Tenure Schemes, Close-ended Schemes and Systematic Investment Plans (SIPs) in the different schemes during the year are treated as prepaid expenses, and such brokerage and commission are expensed out over three years in case of ELSS or duration of closed schemes or over the duration of the SIP. Any other brokerage/commission is expensed in the year in which they are incurred. Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

### **XIV. DISTRIBUTION COST (PRIVATE EQUITY FUND)**

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

### **XV. RETIREMENT AND OTHER EMPLOYEE BENEFITS**

#### **a) Defined Contribution Plan:**

The Group makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance, ESI and Superannuation Scheme which are recognised in the Statement of Profit and Loss on accrual basis.

#### **b) Defined Benefit Plan**

The Group's liabilities under Payment of Gratuity Act, long-term compensated absences and pension 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 gains 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 terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation.

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Group. 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 Group. The Group'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 Group is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

#### **c) Long term Incentive Plan**

Provision for long term incentive plan for different cadre of employees is based on the estimated future liability of long term plan and same is assessed on yearly basis.



## XVI. EMPLOYEE STOCK OPTIONS

The stock options and Stock appreciation rights (SAR) granted are accounted for as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI, whereby the intrinsic value of the option is recognised as employee compensation. The employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option.

In respect of re-pricing of existing stock options, the incremental intrinsic value of the options is accounted as employee cost over the remaining vesting period.

In case of forfeiture stock option which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the employees Stock Options Outstanding Account are transferred to the General Reserve.

## XVII. TAXATION

Tax expense comprises of current and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961, and tax laws prevailing in the respective tax jurisdictions the Group operates.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain 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 that sufficient future taxable income will be available.

In case of unabsorbed losses and unabsorbed depreciation, deferred tax assets thereon are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. At each Balance Sheet date the Group reassesses unrecognised deferred tax assets.

Minimum Alternatives Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the companies in the Group will pay normal income tax during the specified period. In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The companies in the Group review the same at each Balance Sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

## XVIII. OPERATING LEASES

### i. As a Lessee:

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



**ii. As a Lessor:**

The Group has leased certain tangible assets and such leases, where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases.

Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over lease term. Initial direct costs are recognised in the Statement of Profit and Loss.

**XIX. FINANCE LEASE**

**As a Lessee:**

Leases where substantially all the risks and benefits incidental to ownership of the leased item are transferred to the Lessee are classified as finance lease. The group has capitalised the leased item at lower of fair value and present value of the minimum lease payments at the inception of the lease and disclosed as leased assets. Such assets are amortised over the period of lease or estimated life of such asset whichever is less.

Lease payments are apportioned between the finance charges and reduction of the lease liability based on implicit rate of return. Finance charges are charged directly against income. Lease management fees, lease charges and other initial direct costs are capitalised.

**XX. CASH AND CASH EQUIVALENT**

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

**XXI. SEGMENT REPORTING**

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

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

Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based.

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

**XXII. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**XXIII. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a



corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **XXIV. CONTINGENT LIABILITIES AND PROVISIONS**

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

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

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

In case of NBFC Business, Non-performing loans are written off/provided for, as per management estimates, subject to the minimum provision required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Provision on Standard assets is made @0.30% as per the notification DNBR 009/ CGM (CDS)-2015 dated March 27, 2015 issued by Reserve Bank of India.

In case of Housing Finance Companies, Over due loans are written off/provided for, as per management estimates, subject to the minimum provision required as per Housing Finance Companies (NHB) Directions, 2010 as amended. Provision on Standard assets is made as per Housing Finance Companies (NHB) Directions, 2010.





**Annexure 'A' to Note - 1 "Significant Accounting Policies"**

	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2016	Proportion of Ownership Interest as on March 31, 2015
<b>SUBSIDIARIES</b>			
Aditya Birla Capital Advisors Private Limited (ABCAPL)	India	100.00%	100.00%
Aditya Birla Customer Services Limited (ABC SL) (Formerly known as Aditya Birla Customer Services Private Limited)	India	93.70%	100.00%
Aditya Birla Trustee Company Private Limited (ABTCPL)	India	100.00%	100.00%
AB CAP Trustee Company Private Limited (w.e.f. 25 <sup>th</sup> March, 2016)	India	100.00%	-
Aditya Birla Money Limited (ABML)	India	75.00%	75.00%
Aditya Birla Commodities Broking Limited (ABCBL) (100% Subsidiary of ABML)	India	75.00%	75.00%
Aditya Birla Financial Shared Services Limited (ABFSSL)	India	100.00%	100.00%
Aditya Birla Finance Limited (ABFL)	India	90.45%	100.00%
Aditya Birla Securities Private Limited (ABSPL) (ceased to be subsidiary w.e.f 10 <sup>th</sup> September, 2014)	India	-	-
Aditya Birla Housing Finance Limited	India	100.00%	100.00%
Aditya Birla Health Insurance Co. Limited (w.e.f 28 <sup>th</sup> March, 2016)	India	100.00%	-
Aditya Birla Insurance Brokers Limited (ABIBL)	India	50.01%	50.01%
Aditya Birla Money Mart Limited (ABMML)	India	100.00%	100.00%
Aditya Birla Money Insurance Advisory Services Limited (Subsidiary of ABMML)	India	100.00%	100.00%
Birla Sun Life Asset Management Company Limited (BSAMC)	India	51.00%	51.00%
Birla Sun Life AMC (Mauritius) Ltd. (100% Subsidiary of BSAMC)	Mauritius	51.00%	51.00%
Aditya Birla Sun Life AMC Ltd., Dubai (100% Subsidiary of BSAMC)	Dubai	51.00%	51.00%
Aditya Birla Sun Life AMC Pte. Ltd., Singapore (100% Subsidiary of BSAMC)	Singapore	51.00%	51.00%
India Advantage Fund Limited* (Subsidiary of BSAMC)	Mauritius	51.00%	51.00%
International Opportunities Fund SPC(IOF)** (Subsidiary of BSAMC)	Cayman islands	51.00%	51.00%
Birla Sun Life Trustee Company Private Limited (BSTPL)	India	50.85%	50.85%



\*India Advantage Fund Limited (IAFL), wholly owned Subsidiary of Birla Sun Life Asset Management Company Limited, is a collective investment scheme set up as a fund in Mauritius with the status of a limited company under the Mauritius Companies Act. In terms of constitution and private placement memorandum, IAFL has classes of redeemable participating shares. Each class of participating shares has its own Balance Sheet and Statement of Profit and Loss. The Profit/Loss of each such class belongs to the participating shareholders of that class. Birla Sun Life Asset Management Company Limited (BSAMC) owns 100% of the management share, and management shareholder is not entitled to any beneficial interest in the profit/loss of various classes nor is required to make good any shortfall. In substance, there are no direct or indirect economic benefits received by the management shareholders. The substance over form must prevail. Accordingly, the Group has not consolidated IAFL in the Consolidated Financial Statements.

\*\* Aditya Birla Sun Life AMC Pte Limited, Singapore has made investment in international Opportunities Fund. International Opportunities Fund SPC(IOF) is segregated portfolio company set up as a fund in Cayman islands under the Cayman Islands Monetary Act. In terms of constitution and private placement memorandum, IOF has various segregated portfolio which issue redeemable participating shares. Each Segregated Portfolio of participating shares has its own Balance Sheet and Profit and Loss account. The Profit/Loss each such Portfolio belongs to the participating shareholders of that segregated portfolio. Aditya Birla Sun Life Asset Management Pte. Limited (ABSLAMC) owns 100% of the management share and management shareholder is not entitled to any beneficial interest in the profit/loss of various segregated portfolios nor is required to make good any shortfall. In substance there are no direct or indirect economic benefits received by the management shareholders. The substance over form must prevail. Accordingly, the Group has not consolidated IOF in the Consolidated Financial Statement.



Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)  
Notes forming part of Consolidated Financial Statements

₹ in Crores

	Numbers	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 2A</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised:</b>			
Equity shares of ₹ 10/- each	1,000,000,000	1,000.00	800.00
	-800,000,000		
Preference Shares of ₹ 10/- each	3,000,000,000	3,000.00	2,200.00
	-2,200,000,000		
		<b>4,000.00</b>	<b>3,000.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>			
<b>EQUITY SHARE CAPITAL</b>			
Equity shares of ₹10/- each fully paid-up	796,010,000	796.01	757.01
	-757,010,000		
<b>PREFERENCE SHARE CAPITAL</b>			
0.01% Non cumulative compulsorily convertible preference shares of ₹ 10/- each fully paid up	336,500,000 (476,500,000)	336.50	476.50
6% Non convertible non cumulative redeemable preference shares of ₹ 10/- each fully paid up	1,271,110,000 (681,110,000)	1,271.11	681.11
6% Non convertible non cumulative redeemable preference shares of ₹ 10/- each partly paid up Rs. 6.50 each	200,000,000	130.00	-
		<b>2,533.62</b>	<b>1,914.62</b>

1) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Sr. No.	Description	As at 31st March, 2016		As at 31st March, 2015	
		Equity Shares	Preference Shares	Equity Shares	Preference Shares
1	No of Shares Outstanding at the beginning of the period	757,010,000	1,157,610,000	717,010,000	876,500,000
2	Allotment of fully paid up shares during the year	25,000,000	590,000,000		681,110,000
3	Allotment of partly paid up shares during the year	-	200,000,000	-	-
4	Conversion of Preference Shares into Equity Shares by the Promoter	14,000,000	(140,000,000)	40,000,000	(400,000,000)
4	No. of Shares Outstanding at the end of the period	796,010,000	1,807,610,000	757,010,000	1,157,610,000

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, after distribution to all preferential holders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

3) Term of Conversion/Redemption of Preference Shares

A) 0.01% Non cumulative compulsorily convertible preference shares:

▶ On expiry of 5 (five) years from the date of allotment every 10 (ten) fully paid-up preference share shall be compulsorily converted into 1 (one) equity share of ₹ 10/- each, fully paid-up at a premium of ₹ 90/- per share.

▶ The equity shares to be issued as above shall rank pari passu in all respects including with respect to dividend with the then existing fully paid up equity shares of the Company, subject to the provisions of the Memorandum and Articles of Association of the Company.

▶ The dividend rate on these preference shares shall be 0.01% p.a.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**

**Notes forming part of Consolidated Financial Statements**

**B) 6% Non-Convertible Non- Cumulative Redeemable Preference Shares (" NCPS ") shall:**

- ▶ Carry a preferential right vis-a-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital.
- ▶ be Non-participating in surplus funds.
- ▶ be Paid dividend on a non-cumulative basis.
- ▶ carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.
- ▶ be Redeemable after a period of 5 years from date of issue/allotment.

**4) Equity Shares in the Company held by each shareholder holding more than 5% shares and the number of equity shares held are as under:**

**Equity Shares**

Sr. No.	Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
		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 Nuvo Limited (with nominees)	795,710,000	99.96%	757,010,000	100.00%

**ii) Preference Shares**

Sr.	Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
		No of Shares Held	% of Total Paid-up Preference Share Capital	No of Shares Held	% of Total Paid-up Preference Share Capital
1	Aditya Birla Nuvo Limited	1,807,610,000	100.00%	1,157,610,000	100.00%

**5) Figures in brackets represent the corresponding number of shares for Previous Year**

**NOTE: 2B**

**PREFERENCE SHARE ISSUED BY SUBSIDIARY COMPANIES**

0.001% Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid-up of the Subsidiary Company  
 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10/- each, fully paid-up of the Subsidiary Company  
 8% Cumulative redeemable preference shares of ₹ 10/- each, fully paid up of the Subsidiary Company

		₹ in Crores	
		As at 31st March, 2016	As at 31st March, 2015
		4.70	2.74
		-	425.00
		10.00	-
		<b>14.70</b>	<b>427.74</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 3</b>		
<b>RESERVES AND SURPLUS</b>		
<b>1) Capital Reserves</b>		
Opening Balance	102.79	102.79
Deduction:		
Adjustment on stake change of Aditya Birla Finance Limited	(38.07)	-
	<u>64.72</u>	<u>102.79</u>
<b>2) Securities Premium Account</b>		
Opening Balance	392.26	-
Addition:		
Premium on conversion of preference shares to equity shares	126.00	360.00
Premium on allotment of fresh equity shares	225.00	-
Premium on issue of compulsory convertible preference shares of the subsidiary company	23.04	32.26
	<u>766.30</u>	<u>392.26</u>
<b>3) Other Reserves</b>		
<b>i) General Reserve</b>		
Opening Balance	4.86	3.10
Addition:		
Transfer from Surplus in the Statement of Profit and Loss	2.13	1.76
	<u>6.99</u>	<u>4.86</u>
<b>ii) Special Reserve<sup>(a)</sup></b>		
Opening Balance	127.67	73.47
Addition:		
Transfer from Surplus in the Statement of Profit and Loss	81.80	54.20
	<u>209.47</u>	<u>127.67</u>
<b>iii) Capital Fund<sup>(b)</sup></b>		
	<u>0.01</u>	<u>0.01</u>
<b>iv) Foreign Currency Translation Reserve</b>		
Opening Balance	1.67	-
Addition:		
Addition During the Year	0.42	1.67
	<u>2.09</u>	<u>1.67</u>
<b>Total Other Reserves</b>	<u><b>218.56</b></u>	<u><b>134.21</b></u>
<b>4) Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening Balance	426.36	252.93
Addition:		
Profit of the Year	380.53	239.21
Transitional Provision of Schedule II Impact (Net of Deferred Tax Amounting of ₹ Nil Crore)	-	(9.46)
Share of Minority Interest on Transitional provision of Schedule II Impact	-	1.03
Merger of MGLRCL with ABFL	151.23	-
Less: Appropriations		
Transfer to General Reserve	2.13	1.76
Transfer to Special Reserve	81.80	54.20
Dividend on Preference shares issued by subsidiary Company	0.80	0.05
Corporate Tax on Proposed Dividend of Subsidiaries	1.79	1.34
	<u>871.60</u>	<u>426.36</u>
	<u><b>1,921.18</b></u>	<u><b>1,055.62</b></u>

**(a) Special Reserve**

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

**(b) Capital Fund**

Capital fund comprises an amount received, on a non-repatriable basis from the Sponsor, as a contribution to the Birla Sun Life Mutual Fund ('the Fund') in accordance with the terms of the Trust Deed, together with accretion thereon. The amount is held by the Company in its fiduciary capacity as the trustee to the Fund and is intended to be utilised only for the purposes of settlement of claims, if any, from the unit holders of the mutual fund schemes launched by the Fund.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 4A</b>		
<b>LONG-TERM BORROWINGS</b>		
<b>SECURED</b>		
Debentures	5,156.00	3,003.20
Rupee Term Loans from Banks	8,489.64	5,233.08
Finance Lease Liabilities	3.80	0.86
	<b>13,649.44</b>	<b>8,237.14</b>
<b>UNSECURED</b>		
Debentures	696.50	550.00
Rupee Term Loans from Others	0.65	1.50
Loans from Related Parties	-	10.10
	<b>697.15</b>	<b>561.60</b>
	<b>14,346.59</b>	<b>8,798.74</b>
<b>NOTE: 4B</b>		
<b>SHORT-TERM BORROWINGS</b>		
<b>SECURED</b>		
Loan Repayable on Demand from Banks	2,662.72	1,315.40
	<b>2,662.72</b>	<b>1,315.40</b>
<b>UNSECURED</b>		
Loan Repayable on Demand from Banks	209.25	300.00
Other Loans and Advances		
Commercial Papers*	4,295.82	2,490.81
Loans from Related Parties	6.74	-
	<b>4,511.81</b>	<b>2,790.81</b>
	<b>7,174.53</b>	<b>4,106.21</b>

\*Commercial Papers are shown net of unamortised discounting charges.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 5</b>		
<b>DEFERRED TAX ASSETS</b>		
Deferred Tax Assets at the year end comprise timing differences on account of:		
Depreciation	5.49	4.79
Expenditure/Provisions Allowable on Payment Basis	16.78	1.14
Provision for Doubtful Debt and Advances	76.68	57.87
Others	0.33	0.35
	<b>99.28</b>	<b>64.15</b>

Deferred Tax Assets in certain subsidiaries are recognised on losses and unabsorbed depreciation only to the extent of Deferred Tax Liabilities in those subsidiaries.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

	As at 31st March, 2016	₹ in Crores As at 31st March, 2015
<b>NOTE: 6A</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Trade Payables	45.06	18.88
Interest Accrued but Not Due on Borrowings	154.84	18.20
Other Payables		
Advance from Customers	0.17	-
Others	2.61	2.68
	<b>202.68</b>	<b>39.76</b>
<b>NOTE: 6B</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Borrowings	1,490.07	1,909.62
Current Maturities of Finance Lease Obligations	1.31	0.57
Interest Accrued but Not Due on Borrowings	250.52	287.04
Income Received in Advance	7.47	4.50
Investors' Education and Protection Fund to be credited as and when due		
Unpaid Dividend	-	0.01
Other Payables		
Advance from Customers	108.37	98.80
Book Overdraft	648.40	229.44
Payables for Capital Expenditure	3.68	1.49
Statutory Dues	20.62	11.21
Deposits	11.70	9.98
Others	52.07	56.98
	<b>2,594.21</b>	<b>2,609.64</b>





**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 7A</b>		
<b>LONG-TERM PROVISIONS</b>		
Provisions for:		
Employee Benefits	17.96	26.25
Others		
Contingent Provision on Standard Asset of Financing Activities	58.94	23.92
Provision for Doubtful Loans and Advances of Financing Activities	101.94	89.70
Other Long-term Provisions#	0.18	0.11
	<b>179.02</b>	<b>139.98</b>

<b>NOTE: 7B</b>		
<b>SHORT-TERM PROVISIONS</b>		
Provisions for:		
Employee Benefits	56.37	21.08
Others		
Taxation (Net of Advance Tax)	26.70	6.39
Preference	0.80	0.04
Provision for Corporate Tax on Dividend	-	-
Equity	1.62	1.34
Preference	0.17	0.01
Contingent Provision on Standard Asset of Financing Activities	26.58	30.00
	<b>112.24</b>	<b>58.86</b>

# Additional Disclosure as per Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets"

<b>A. Warranty</b>		
Opening Balance	0.11	0.03
Arising during the year	0.07	0.10
Utilised	-	(0.02)
Unused Amounts Reversed	-	-
<b>Closing Balance</b>	<b>0.18</b>	<b>0.11</b>
Long-term	0.18	0.11
Short-term	-	-
	<b>0.18</b>	<b>0.11</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

NOTE: 8A

**TANGIBLE ASSETS**

	Freehold Land	Freehold Buildings	Leasehold Improvements	Plant & Equipments	Furniture & Fixtures	Office Equipment	Vehicles	TOTAL
₹ in Crores								
<b>Gross Block</b>								
<b>As at 1st April, 2014</b>	0.15	0.26	20.15	14.25	13.55	67.02	4.50	119.88
Additions	-	-	5.40	2.82	0.76	7.78	3.35	20.11
Deletions	-	-	0.55	0.09	0.23	3.47	1.71	6.05
Foreign Exchange Translation Difference	-	-	(0.06)	-	0.02	(0.01)	-	(0.05)
<b>As at 31st March, 2015</b>	<b>0.15</b>	<b>0.26</b>	<b>24.94</b>	<b>16.98</b>	<b>14.10</b>	<b>71.32</b>	<b>6.14</b>	<b>133.89</b>
Additions	-	2.62	4.37	4.20	1.27	14.68	2.98	30.12
Deletions	-	-	0.68	0.08	1.02	6.68	1.23	9.69
Foreign Exchange Translation Difference	-	-	(0.90)	-	0.04	0.05	-	(0.81)
<b>As at 31st March, 2016</b>	<b>0.15</b>	<b>2.88</b>	<b>27.73</b>	<b>21.10</b>	<b>14.39</b>	<b>79.37</b>	<b>7.89</b>	<b>153.51</b>
<b>Accumulated Depreciation</b>								
<b>As at 1st April, 2014</b>		0.04	17.67	7.59	7.89	49.47	2.11	84.77
For the Year	-	-	2.80	1.92	1.95	7.89	1.24	15.80
Deletions	-	-	0.55	0.09	0.22	3.43	0.71	5.00
Foreign Exchange Translation Difference	-	-	(0.04)	-	0.01	(0.01)	-	(0.04)
Charge to Retained earnings on account of Schedule II	-	-	-	4.00	0.80	4.66	-	9.46
<b>As at 31st March, 2015</b>	<b>0.04</b>	<b>19.88</b>	<b>13.42</b>	<b>10.43</b>	<b>58.58</b>	<b>2.64</b>	<b>104.99</b>	
For the Year	0.03	3.19	1.70	1.86	8.48	1.37	16.63	
Deletions	-	-	0.62	0.08	0.96	6.63	0.81	9.10
Foreign Exchange Translation Difference	-	-	(0.92)	-	0.03	0.04	-	(0.85)
<b>As at 31st March, 2016</b>	<b>0.07</b>	<b>21.53</b>	<b>15.04</b>	<b>11.36</b>	<b>60.47</b>	<b>3.20</b>	<b>111.67</b>	
<b>Net Block as at 31st March, 2015</b>	<b>0.15</b>	<b>0.22</b>	<b>5.06</b>	<b>3.56</b>	<b>3.67</b>	<b>12.74</b>	<b>3.50</b>	<b>28.90</b>
<b>Net Block as at 31st March, 2016</b>	<b>0.15</b>	<b>2.81</b>	<b>6.20</b>	<b>6.06</b>	<b>3.03</b>	<b>18.90</b>	<b>4.69</b>	<b>41.84</b>

A. Gross Block of Tangible Assets includes:

(i)

Registration of Freehold Land of ₹ 0.15 Crore (Previous Year: ₹ 0.15 Crore) in favour of the Group is subject to resolution of disputes.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

NOTE: 8B

**INTANGIBLE ASSETS**

₹ in Crores

	Brands/ Trademarks	Computer Software	Investment Management Rights	Non- Compete Fees	TOTAL
<b>Gross Block</b>					
As at 1st April, 2014	4.64	73.70	53.84	0.33	132.51
Additions	-	9.86	3.78	-	13.64
<b>As at 31st March, 2015</b>	<b>4.64</b>	<b>83.56</b>	<b>57.62</b>	<b>0.33</b>	<b>146.15</b>
Additions	-	17.38	-	-	17.38
Deletions	-	1.20	-	-	1.20
<b>As at 31st March, 2016</b>	<b>4.64</b>	<b>99.74</b>	<b>57.62</b>	<b>0.33</b>	<b>162.33</b>
<b>Accumulated Amortisation/Impairment</b>					
As at 1st April, 2014	4.26	50.50	45.77	0.33	100.86
Amortisation for the Year	0.19	15.93	5.56	-	21.68
<b>As at 31st March, 2015</b>	<b>4.45</b>	<b>66.43</b>	<b>51.33</b>	<b>0.33</b>	<b>122.54</b>
Amortisation for the Year	0.19	12.96	3.07	-	16.22
Deletions	-	1.16	-	-	1.16
<b>As at 31st March, 2016</b>	<b>4.64</b>	<b>78.23</b>	<b>54.40</b>	<b>0.33</b>	<b>137.60</b>
<b>Net Block as at 31st March, 2015</b>	<b>0.19</b>	<b>17.13</b>	<b>6.29</b>	<b>-</b>	<b>23.61</b>
<b>Net Block as at 31st March, 2016</b>	<b>-</b>	<b>21.51</b>	<b>3.22</b>	<b>-</b>	<b>24.73</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	Face Value	Number	As at 31st March, 2016	Number	As at 31st March, 2015
<b>NOTE: 9A</b>					
<b>OTHER INVESTMENTS : NON-CURRENT</b>					
<b>Investment in</b>					
<b>Equity Instruments</b>					
<b>Subsidiaries (Refer Annexure 'A' to Note : 1 )</b>					
Class A in India Advantage Fund Limited, Mauritius	\$10.00	90	₹	90	₹
Class B in India Advantage Fund Limited, Mauritius	\$10.00	40	₹	40	₹
International Opportunities Fund	\$0.01	1	₹	1	₹
			<u>₹</u>		<u>₹</u>
<b>Others</b>					
Birla Management Centre Services Limited	10.00	2,000	₹	9,000	₹
MF Utilities India Private Limited	1.00	500,000	0.05	500,000	0.05
MOIL Limited	10.00	12,245	0.46	12,245	0.46
Less: Provision for diminution			(0.21)		(0.21)
Apollo Sindhoori Hotels Limited.	10.00	3,005	0.01	6,600	0.02
Less: Provision for diminution			(0.01)		(0.01)
SWAWS Credit Corporation Private Limited		-	-	393,748	0.39
Less: Provision for diminution			-		(0.39)
			<u>0.30</u>		<u>0.32</u>
<b>Preference Shares</b>					
0.001 % Optionally Convertible Cumulative Redeemable Preference Shares in Share Microfin Limited	10.00	9,854,834	9.85	11,682,000	11.68
Less: Provision for diminution			(7.50)		-
			<u>2.35</u>		<u>11.68</u>
<b>Debentures and Bonds</b>					
NHAI Bonds	998	11,126	1.11	11,126	1.11
Optionally Convertible Debentures carrying fixed coupon rate of 12 % p.a. of SWAWS Credit Corporation Private	100.00	-	-	13,125	0.13
Less: Provision for diminution			-		(0.13)
			<u>1.11</u>		<u>1.11</u>
<b>Mutual Funds*</b>					
			<u>180.02</u>		<u>127.99</u>
			<u>180.02</u>		<u>127.99</u>
<b>Others</b>					
<b>Unquoted</b>					
Aditya Birla Private Equity - Fund I			132.27		158.81
Aditya Birla Private Equity - Sunrise Fund			26.93		28.11
Class B Units of Aditya Birla Real Estate Fund			0.05		0.05
PMS Investment			3.60		3.71
Investment in Alternate Fund			20.00		-
			<u>182.85</u>		<u>190.68</u>
			<u>366.63</u>		<u>331.77</u>
<b>TOTAL NON-CURRENT INVESTMENT</b>					
Aggregate Market Value of Quoted Investments			169.44		114.33
Aggregate Book Value of Quoted Investments			155.74		103.89
Aggregate Book Value of Unquoted Investments			210.89		227.88
Aggregate amount of Provision for diminution			7.73		0.75
* Includes Earmarked towards Capital Fund			0.04		0.04



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

NOTE: 9B

**OTHER INVESTMENTS : CURRENT**

**Debentures and Commercial Papers**

Mahindra Worldcity Jaipur Limited	1,000,000	1,650	165.00	-	-
AU Financiers (India) Limited	1,000,000	1,000	100.00	-	-
Dalmia Cement Bharat Limited	1,000,000	1,000	100.00	-	-
KKR Financial Services Private Limited	10,000,000	50	50.00	-	-
Indiabulls Housing Finance Company	1,000,000	500	50.00	-	-
Karvy Financial Services Private Limited (Commercial papers)	500,000	-	-	500	24.31
			<b>465.00</b>		<b>24.31</b>

**Mutual Funds**

**531.56**

**TOTAL CURRENT INVESTMENT**

**996.56**

Aggregate Market Value of Quoted Investments

50.28

Aggregate Book Value of Quoted Investments

41.34

Aggregate Book Value of Unquoted Investments

955.22

387.89

- Figures of ₹ 50,000 or less have been denoted by '₹'.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 10A</b>		
<b>LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good, except otherwise stated)		
Capital Advance		
Unsecured, Considered Good	1.58	2.02
Unsecured, Considered Doubtful	-	-
Less: Provision for Doubtful	-	-
Security Deposits		
Secured, Considered Good	-	-
Unsecured, Considered Good	18.51	19.74
Unsecured, Considered Doubtful	0.09	0.09
Less: Provision for Doubtful	(0.09)	(0.09)
Other Loans and Advances		
Loans and Advances of Financing Activities		
Secured, Considered Good	16,961.63	8,853.52
Unsecured, Considered Good	1,358.78	569.56
Unsecured, Considered Doubtful	160.47	153.00
Loans & Advances to Related Parties(Unsecured)	0.88	0.88
VAT, Other Taxes Recoverable, Statutory Deposits and Dues from Government		
Unsecured, Considered Good	22.81	5.26
Unsecured, Considered Doubtful	-	-
Less: Provision for Doubtful	-	-
Advance Tax (Net of Provision)	14.80	14.75
MAT Credit Entitlement	0.36	-
Prepaid Expenses	58.51	90.97
Advance for Expenses, Materials, Employees and Others	4.31	2.15
	<b>18,602.64</b>	<b>9,711.85</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

	As at 31st March, 2016	₹ in Crores As at 31st March, 2015
<b>NOTE: 10B</b>		
<b>SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good, except otherwise stated)		
Security Deposits		
Unsecured, Considered Good	8.28	2.27
Unsecured, Considered Doubtful	0.05	0.05
Less: Provision for Doubtful	(0.05)	(0.05)
Other Loans and Advances		
Loans and Advances of Financing Activities		
Secured, Considered Good	5,702.90	5,401.21
Unsecured, Considered Good	2,727.43	2,250.00
Inter-Corporate Deposits		
Unsecured, Considered Good	39.00	36.00
VAT, Other Taxes Recoverable, Statutory Deposits and Dues from Government		
Unsecured, Considered Good	5.02	5.03
Advance Tax (Net of Provision)	39.82	27.53
Prepaid Expenses	93.70	75.85
Advance for Expenses, Material, Employees and Others*		
Unsecured, Considered Good	25.55	27.80
Unsecured, Considered Doubtful	6.69	6.38
Less: Provision for Doubtful	(6.69)	(6.38)
	<b>8,641.70</b>	<b>7,825.69</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 11A</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
Other Bank Balances*		
Bank Deposits with more than twelve months maturity	1.08	0.88
Interest Accrued on Loans and Advances and Investments	0.02	0.14
	<b>1.10</b>	<b>1.02</b>
*Lien Marked in favour of IRDA	1.08	0.88

**NOTE: 11B**  
**OTHER CURRENT ASSETS**

Unbilled Revenue	0.82	0.57
Interest Accrued on Loans and Advances, Investments and Fixed Deposits	348.47	119.52
Others	36.91	34.57
	<b>386.20</b>	<b>154.66</b>





**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

As at  
31st March, 2016                      31st March, 2015

**NOTE: 12**

**STOCK OF SECURITIES OF NBFC BUSINESS**

Details of opening Stock, Purchases, Sales and Closing Stock in respect of Trading in securities of NBFC business are as follows:

Units of Mutual Funds (Nos. )

Purchase	249,497,071.77	127,028,662.65
Sales	249,497,071.77	127,028,662.65
Closing	-	-

Stock of Securities (₹ Crore)

Opening	467.57	116.72
Purchase	6,912.33	7,985.10
Sales	7,059.77	7,639.37
Closing	330.20	467.57



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 13</b>		
<b>TRADE RECEIVABLES</b>		
Due for period exceeding Six months from the Due date of payment		
Secured, Considered Good	8.27	6.37
Unsecured, Considered Good	1.30	1.60
Unsecured, Considered Doubtful	6.66	5.40
Less: Provision for doubtful	(6.66)	(5.40)
Others		
Secured, Considered Good	123.57	78.71
Unsecured, Considered Good	45.42	37.52
Unsecured, Considered Doubtful	1.78	1.17
Less: Provision for doubtful	(1.78)	(1.17)
	<b>178.56</b>	<b>124.20</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
<b>NOTE: 14</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
Current Accounts	53.44	203.94
Deposit Accounts (with original maturity period of three months or less)	1.84	2.68
Cash on Hand	0.02	0.01
	<b>(A) 55.30</b>	<b>206.63</b>
<b>Other Bank Balances</b>		
Deposit Accounts (with original maturity period of more than three months)#	59.45	75.13
Others		
Unclaimed Dividend	-	0.01
	<b>(B) 59.45</b>	<b>75.14</b>
	<b>(A) + (B) 114.75</b>	<b>281.77</b>
Less: Bank Deposits with more than twelve months maturity (transferred to Other Non-Current Assets)	1.08	0.88
	<b>113.67</b>	<b>280.89</b>
# Includes deposits placed under lien towards bank guarantees for margins with exchange/banks.	58.37	74.25



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

Year Ended  
31st March, 2016      Year Ended  
31st March, 2015

**NOTE: 15**

**REVENUE FROM OPERATIONS**

Interest Income	2,380.28	1,668.29
Management and Advisory Fees	766.25	596.04
Other Financial Services	451.42	399.71
<b>Total</b>	<b>3,597.95</b>	<b>2,664.04</b>

**NOTE: 16**

**OTHER INCOME**

Interest Income on Investments		
Current	20.75	0.46
Long-term	0.09	0.09
Interest Income - Others	10.55	8.87
Dividends Income on Investments		
Current	2.56	2.12
Long-term	0.09	0.05
Dividends from Subsidiary Company	-	-
Net Gain on Sale of Investments		
Net Gain on Sale of Current Investments	12.91	34.30
Long-term	0.02	0.02
Other Non-Operating Income		
Foreign Exchange Gain (Net)	-	-
Profit on Sale of Fixed Assets (Net)	0.10	0.25
Unclaimed Liabilities / Excess Provision Written Back		
Bad Debts Recovered		
General Contingency Provision written back	19.81	-
Others	4.30	1.75
	<b>71.18</b>	<b>47.91</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
<b>NOTE: 17</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	458.48	393.30
Contribution to Provident and Other Funds (Refer Note: 27)	23.39	19.23
Staff Welfare Expenses	19.37	13.53
	<b>501.24</b>	<b>426.06</b>
<b>NOTE: 18</b>		
<b>FINANCE COST RELATING TO LENDING ACTIVITY OF SUBSIDIARIES</b>		
Interest Expenses	1,597.57	1,102.21
Other Borrowing Costs	2.32	3.09
	<b>1,599.89</b>	<b>1,105.30</b>
<b>NOTE: 19</b>		
<b>OTHER FINANCE COST</b>		
Interest Expenses	8.78	5.31
Other Borrowing Costs	0.03	0.01
	<b>8.81</b>	<b>5.32</b>
<b>NOTE: 20</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of Tangible Assets	16.63	15.80
Amortisation of Intangible Assets	16.22	21.69
	<b>32.85</b>	<b>37.49</b>
<b>NOTE: 21</b>		
<b>OTHER EXPENSES</b>		
Rent	46.51	41.10
Repairs and Maintenance of:		
Buildings	0.62	0.64
Plant and Machinery	0.02	0.02
Others	22.87	19.18
Insurance	7.85	5.74
Rates and Taxes	17.58	9.52
Connectivity Charges	2.66	2.34
Advertisement and Sales Promotion Expenses	108.35	71.84
Legal and Profession Expenses	45.75	34.40
Bad Debts and Provision for Bad and Doubtful Debts and Advances including Contingency		
Provision for Standard Assets of NBFC	93.92	65.85
Printing and Stationery	5.65	4.72
Travelling and Conveyance	26.31	21.82
Communication Expenses	13.64	9.21
Bank Charges	2.94	1.87
Electricity Charges	7.24	6.16
Foreign Exchange Loss (Net)	0.32	0.37
Information Technology Expenses	25.81	23.26
Miscellaneous Expenses	39.30	25.77
	<b>467.34</b>	<b>343.81</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

**NOTE: 22**

**CONTINGENT LIABILITIES NOT PROVIDED FOR**

a) Claims against the Group not acknowledged as debts

₹ in Crore

Nature of Statute	Brief description of contingent liability	As at 31st March 2016	As at 31st March 2015
Sales Tax	Demands raised by the VAT/Sales Tax authorities of few states.	0.11	0.11
Service Tax, Finance Act, 1994	Show Cause cum Demand Notice from Service Tax Authorities issued	3.16	0.89
	Various cases pertaining to disallowance of cenvat credit of Service Tax on commission paid to overseas agent, in GTA services, service for outward transportation and other services alleging not be classified as input services for availment of cenvat credit, etc.	115.54	114.34
Income Tax Act, 1961	Appeal filled by DCIT with ITAT.	0.03	0.03
	Various cases pertaining to demand in tax assessment for various years	14.50	14.09
Others Statute's	Investor claims pending in Consumer Redressal Forums, in other courts/authorities and other legal matters.	6.30	0.04
	Claims against the Company not acknowledged as debts	8.54	8.46
	Letter of comfort given by the Company on behalf of clients	244.72	214.94
	Corporate guarantees given by the Company on behalf of the clients	5.88	8.79
	Various cases pertaining to claims made by clients on sale of securities & other Civil cases.	2.31	5.08
<b>Grand Total</b>		<b>401.09</b>	<b>366.77</b>

b) The Birla Sun Life Mutual Fund has invested in the "Pass Through Certificates" (PTC) issued by various Securitisation Trusts. The Income Tax Department treated the interest income from the PTC as taxable in the hands of such securitisation Trusts. The Department has also issued the demand notices to various Mutual Funds, who are the beneficiaries in such trusts. The Birla Sun Life Mutual Fund has also received the demand notice for AY 2009-10, and at present the case is being heard at ITAT. Based on expert's advice, the management does not expect the liability to crystallise, hence no provision is made in the books of account.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	As at 31st March, 2016	As at 31st March, 2015
--	---------------------------	---------------------------

**NOTE: 23**

**CAPITAL AND OTHER COMMITMENTS**

- |   |       |      |
|---|-------|------|
| a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)   | 11.74 | 4.31 |
| b) Aditya Birla Customer Services Ltd. (ABC SL), a subsidiary of the Company, has issued 0.001% Compulsorily Convertible Preference Shares (CCPS) aggregating to ₹ 60.00 Crores to International Finance Corporation (IFC) vide Shareholders Agreement dated 19 December, 2014 and Subscription Agreement dated 19 December, 2014 (SHA). Under the said SHA, the Company, has granted to IFC an option to sell the shares to the company at fair valuation from the period beginning on the expiry of 60 months of the subscription by IFC upto a maximum of 120 months from the date of subscription by IFC, in the event ABCSL or the Company fails to provide an opportunity to IFC to exit from ABCSL within 60 months from the date of subscription by IFC in the form of Listing, Secondary Sale or Acquisition etc. In the event the Company fails to fulfil its obligation, Aditya Birla Nuvo Limited, the holding Company will be obligated to fulfil this obligation. |       |      |

**NOTE: 24**

**EXCEPTIONAL ITEMS**

- a) During the period the Company has provided for diminution in value of its Long Term Investment in subsidiary namely Aditya Birla Money Mart Limited. The impact of diminution amounting to ₹ 41.40 Crores has been recognised as an exceptional items in Consolidated Financial Statement as an impairment of Goodwill created on acquisition of the subsidiary.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

₹ in Crores

	<u>As at</u> <u>31st March, 2016</u>	<u>As at</u> <u>31st March, 2015</u>
<b>NOTE: 25</b>		
<b>DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-20 – EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS</b>		
Earnings Per Share (EPS) is calculated as under:		
Net Profit as per the Statement of Profit and Loss attributable to Owners	380.53	239.21
Less: Preference Dividend and Tax thereon	0.97	0.05
<b>Net Profit for EPS</b>	<b>(A) 379.56</b>	<b>239.16</b>
Weighted-Average Number of Equity Shares for calculation of Basic EPS	<b>(B) 758,182,603</b>	<b>721,831,918</b>
<b>Basic EPS (₹)</b>	<b>(A/B) 5.01</b>	<b>3.31</b>
Weighted-Average Number of Equity Shares Outstanding	758,182,603	721,831,918
Add: Dilutive Impact of Preference Shares	116,834,972	96,192,898
Weighted-Average Number of Equity Shares for calculation of Diluted EPS	<b>(C) 875,017,575</b>	<b>818,024,816</b>
<b>Diluted EPS (₹)</b>	<b>(A/C) 4.34</b>	<b>2.92</b>
Nominal Value of Shares (₹)	10.00	10.00





**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

NOTE: 26

Disclosure pursuant to Accounting Standard-19 - Leases is as under:

A. Assets taken on Lease:	Year Ended	₹ in Crores
	31st March, 2016	Year Ended 31st March, 2015
i) Operating Lease Payment recognised in the Statement of Profit and Loss		
Minimum Lease Rent	39.13	34.64
	<b>39.13</b>	<b>34.64</b>

ii) The Group has taken certain Office Premises, Leasehold Improvements, Furniture and Fixtures, Information Technology and Office Equipment, on noncancellable/cancellable operating lease.

iii) The future minimum rental payable in respect of non-cancellable operating lease are as follows:

	As at	As at
	31st March, 2016	31st March, 2015
Not later than one year	31.20	28.57
Later than one year and not later than five years	43.84	51.90
Later than five years	8.43	8.89
	<b>83.47</b>	<b>89.36</b>

iv) The details of finance lease payments payable and their Present Value of the Group as at the Balance Sheet Date :

Particulars	Total Lease		
	Charges Payable	Present Value	Interest
a) Not later than one year	3.60	2.85	0.75
	(2.38)	(1.93)	(0.45)
b) Later than one year and not later than five years	5.18	4.48	0.70
	(2.69)	(2.35)	(0.34)
<b>Total</b>	<b>8.78</b>	<b>7.33</b>	<b>1.45</b>
	<b>(5.07)</b>	<b>(4.28)</b>	<b>(0.79)</b>

Figures in brackets represent corresponding amount of Previous Year.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

**NOTE: 27**

**RETIREMENT BENEFITS**

**Disclosure in respect of Employee Benefits pursuant to Accounting Standard-15 (Revised)**

- a) The details of the Group's Defined Benefit Plans in respect of Gratuity (funded by the Group):

**General Description of the Plan**

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material, is unfunded and managed within the Group.

	₹ in Crores	
	As at 31st March, 2016	As at 31st March, 2015
<b>Amounts recognised in the Balance Sheet in respect of Gratuity</b>		
Present Value of the funded Defined Benefit Obligations at the end of the year	31.86	21.79
Fair Value of Plan Assets	23.90	19.08
<b>Net Liability/(Asset)</b>	<b>7.96</b>	<b>2.71</b>
<b>Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity</b>		
Current Service Cost	5.32	3.45
Interest on Defined Benefit Obligations	2.04	1.50
Expected Return on Plan Assets	(1.70)	(1.06)
Net Actuarial (Gain)/Loss recognised during the year	3.37	2.86
<b>Net Gratuity Cost</b>	<b>9.02</b>	<b>6.75</b>
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	1.70	1.06
Actuarial Gain/(Loss) on Plan Assets	(0.31)	0.88
<b>Actual Return on Plan Assets</b>	<b>1.39</b>	<b>1.94</b>
<b>Reconciliation of Present Value of the Obligations and the Fair Value of the Plan Assets:</b>		
<b>Change in Present Value of the Obligations:</b>		
Opening Defined Benefit Obligations	21.79	12.56
Opening Transferred from unfunded	-	-
Current Service Cost	5.32	3.45
Interest Cost	2.04	1.50
Actuarial (Gain)/Loss	3.05	3.74
Liability on Stake Change/Divestment/Amalgamation of Subsidiaries/Joint Ventures	0.40	(0.42)
Benefits Paid	(0.73)	0.96
<b>Closing Defined Benefit Obligations</b>	<b>31.86</b>	<b>21.79</b>
<b>Change in Fair Value of the Plan Assets:</b>		
Opening Fair Value of the Plan Assets	19.08	12.33
Expected Return on the Plan Assets	1.70	1.06
Actuarial Gain/(Loss)	(0.31)	0.88
Contributions by the Employer	4.16	3.85
Benefits Paid	(0.73)	0.96
<b>Closing Fair Value of the Plan Assets</b>	<b>23.90</b>	<b>19.08</b>
<b>Investment Details of the Plan Assets</b>		
Government of India Securities	9.34%	11.07%
Corporate Bonds	0.18%	0.43%
Special Deposit Scheme	0.94%	0.97%
Insurer Managed Fund*	80.04%	79.48%
Others	10.50%	9.05%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

There are no amount included in the Fair Value of the Plan Assets for Property occupied by or other assets used by the Group.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

Experience Adjustment	₹ in Crores	
	31st March, 2016	31st March, 2015
Defined Benefit Obligations	31.86	21.79
Plan Assets	23.90	19.08
Surplus/(Deficit)	(7.97)	(2.71)
Experience Adjustment on Plan Liabilities	5.40	0.61
Experience Adjustment on Plan Assets	(0.31)	0.88

Expected rate of return on assets is based on the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

Principal Actuarial Assumptions at the Balance Sheet Date	₹ in Crores	
	As at 31st March, 2016	As at 31st March, 2015
Discount Rate	7.35% - 8.10%	8.00% - 9.00%
Estimated Rate of Return on the Plan Assets	7.60% - 9.00%	7.50% - 9.00%

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.

b) The details of the Group's Defined Benefit Plans in respect of Gratuity (unfunded by the Group):

Amounts recognised in the Balance Sheet in respect of Gratuity	₹ in Crores	
	As at 31st March, 2016	As at 31st March, 2015
Present Value of the unfunded Defined Benefit Obligation at the end of the year	2.40	0.99

**Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity**

Current Service Cost	0.51	0.15
Interest on Defined Benefit Obligations	0.07	0.04
Net Actuarial (Gain)/Loss recognised during the year	0.09	0.31
<b>Net Gratuity Cost</b>	<b>0.67</b>	<b>0.50</b>

**Reconciliation of Present Value of the Obligation:**

Opening Defined Benefit Obligation	0.99	0.60
Current Service Cost	0.51	0.15
Interest Cost	0.07	0.04
Actuarial (Gain)/Loss	0.09	0.31
Liability in respect of Employees transferred from funded plan	(0.34)	-
Liability on Stake Change/Divestment/Amalgamation of Subsidiaries/Joint Ventures	-	(0.08)
Benefits Paid	1.08	(0.03)
<b>Closing Defined Benefit Obligation</b>	<b>2.40</b>	<b>0.99</b>

Experience Adjustment	31st March, 2016	31st March, 2015
Defined Benefit Obligation	2.40	0.99
Experience adjustment on Plan Liabilities	-	0.19

**Principal Actuarial Assumptions at the balance sheet date**

Discount rate	7.60% - 8.10%	7.75% - 8.00%
---------------	---------------	---------------



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

c) The details of the Group's Defined Benefit Plans in respect of Group owned Provident Fund Trust

	₹ in Crores	
	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Contribution to the Group-Owned Employees' Provident Fund Trust	1.41	1.25

The Guidance Note on implementing AS-15 – 'Employee Benefits (Revised 2005)', issued by the ICAI states that the Provident Funds set-up by employers, which require interest shortfall to be met by the employer, needs to be treated as Defined Benefit Plan. The Group set-up Provident Fund does not have existing deficit of Interest shortfall.

The actuary has provided the valuation and based on the below provided assumptions there is no shortfall as at 31st March, 2016, and 31st March, 2015. As per the actuarial valuation report, the interest shortfall liability being "Other Long-term Employee Benefits", detailed disclosures are not required.

Assumption used in determining the present value obligation of interest rate guarantee under the Deterministic Approach

Discount Rate for the term of the Obligations	7.82% - 7.90%	7.82% - 7.90%
Guaranteed Interest Rate	8.80%	8.75%

	₹ in Crores	
	Year Ended 31st March, 2016	Year Ended 31st March, 2015
e) Defined Contribution Plans – Amount recognised as an expense and included in the Note : 17 as "Contribution to Provident and Other Funds"	13.52	11.73



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Financial Statements**

NOTE: 28

**DISCLOSURE UNDER EMPLOYEE STOCK OPTIONS SCHEME  
OF SUBSIDIARY COMPANIES**

**(A) Aditya Birla Money Limited**

**Stock options granted under ABML – Employee Stock Option Scheme – 2014**

The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Company as well as to motivate them to contribute to its growth and profitability.

In accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI ESOP Regulations') and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense to be recognized for equity-settled transactions at each reporting date until the vesting date will reflect the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit to be recognized in the statement of profit and loss for a period to represent the movement in cumulative expense recognized as at the beginning and end of that period and is to be recognized in employee benefits expense. However, there is no expense that is incurred during the year by the Company for this purpose since the exercise price at which the options have been granted by the Company to eligible employees are at the market price of the Company and further, the vesting of options is due only in the upcoming years.

**Stock options granted under ABML – Employee Stock Option Scheme – 2014**

The Company had formulated the ABML Employee Stock Option Scheme – 2014 (ABML ESOP Scheme – 2014) with the approval of the shareholders at the Annual General Meeting dated September 09, 2014. The Scheme provides that the total number of options granted there under will be 27,70,000 and to follow the Market Value Method (Intrinsic Value) for valuation of the Options. Each option, on exercise, is convertible into one equity share of the Company having face value of Rs. 1 each. Subsequently, the Nomination and Remuneration Committee of the Board of Directors on December 2, 2014 has granted 25,09,341 stock options to its eligible employees under the ABML ESOP Scheme – 2014 at an exercise price of Rs. 34.25/-. The Exercise Price was based on the latest available closing price, prior to the December 2, 2014 (the date of grant by the Nomination & Remuneration Committee) on the recognized stock exchanges on which the shares of the Company are listed with the highest trading volume.

**Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under**

Options granted on December 02, 2014	25,09,341
Options outstanding as on April 01, 2015	2,448,901
No. of options granted during the year	Nil
Method of Accounting	Intrinsic Value
Vesting Plan	25% every year
Exercise period	Within 5 years from the date of vesting of respective options
Grant/Exercise price (₹ per share)	34.25/-
Market price as on the date of the grant	34.25/- (previous day closing price on the recognized stock exchange)
Options forfeited/lapsed during the year	4,69,781 (due to resignation of employees)
Options exercised during the year	Nil
Options outstanding as on March 31, 2016	19,79,120

**The vesting period in respect of the options granted under ABML ESOP Scheme – 2014 is as follows:**

Sr. No	Vesting Dates	% of options that shall vest
1	12 months from the date of grant	25% of the grant
2	24 months from the date of grant	25% of the grant
3	36 months from the date of grant	25% of the grant
4	48 months from the date of grant	25% of the grant

The Company has granted options to the eligible employees at an exercise price of ₹ 34.25 per share being the latest market price as per SEBI ESOP Regulations, in view of this, there being no intrinsic value (being the excess of the market price of share under ESOP over the exercise price of the option), on the date of grant, the Company is not required to account the accounting value of option as per SEBI ESOP Regulations.

**Fair Valuation:**

The fair value of the options on the date of grant has been done by an independent valuer using Black-Scholes Formula.

**The key assumptions are as under:**

Risk-free interest rate (%)	8.13%
Expected life (No. of years)	5
Expected volatility (%)	54.26%
Dividend yield (%)	0
The price of the underlying share in market at the time of option grant	₹ 34.25/-



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Financial Statements**

NOTE: 28

**DISCLOSURE UNDER EMPLOYEE STOCK OPTIONS SCHEME**

**(B) Aditya Birla Customer Services Limited**

During the year, the Company had formulated the ABCSL Employee Stock Option Scheme – 2015 (ABCSL ESOP Scheme – 2015) with the approval of the shareholders at the Annual General Meeting dated July 07, 2015. The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Company as well as to motivate them to contribute to its growth and profitability. The Scheme provides that the total number of options granted there under will be 1,134,853 equity shares and to follow the intrinsic value method for valuation of the Options. Each option, on exercise, is convertible into one equity share of the Company having face value of Rs. 10 each. Subsequently, the Nomination and Remuneration Committee of the Board of Directors on September 4, 2015 has granted 9,00,618 stock options to its eligible employees under the ABCSL ESOP Scheme – 2015 at an exercise price of ₹ 89/-. The Exercise Price was based on the Fair value method arrived at as per valuation report issued by Independent Valuer.

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the Intrinsic Value method. The cumulative expense to be recognized for equity-settled transactions at each reporting date until the vesting date will reflect the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit to be recognized in the statement of profit and loss for a period to represent the movement in cumulative expense recognized as at the beginning and end of that period and is to be recognized in employee benefits expense. However, there is no expense that is incurred during the year by the Company for this purpose since the exercise price at which the options have been granted by the Company to eligible employees are at the Fair Value of the Company and further, the vesting of options is due only in the upcoming years.

**Summary of Options granted under ABCSL ESOP Scheme 2015 is as under**

Options outstanding as on 1.4.15	Nil
Number of options granted during the year	9,00,618
Method of accounting	Intrinsic Value
Vesting Plan	Bullet vesting on 31.3.18
Exercise period	Within 2 years from the date of vesting of respective options
Grant date	4.9.15
Grant / Exercise price (₹ / share)	89/-
Market price as on the date of the grant	NA
Options forfeited / lapsed / not opted for during	1,01,734
Options exercised during the year	Nil
Options outstanding as on 31.3.16	7,98,884

The vesting period in respect of the options granted under ABCSL ESOP Scheme – 2015 is as follows:

Vesting Dates	% of options that shall vest
Options shall vest at one go-bullet vesting at the end of March, 2018 or such time period as may be determined by the Compensation committee	100% of the grant more specifically specified in the ESOP Scheme

Had the compensation cost for the stock options granted under ESOS 2006 & 2013 been recognised based on fair value in accordance with Black - Scholes Merton

Particular	in Crore	
	2015-16	2014-15
<b>Net Profit</b>	<b>380.53</b>	<b>239.21</b>
Add: Compensation cost as per Intrinsic Value	-	-
Less: Compensation cost as per Fair Value	2.04	0.81
<b>Adjusted Net Income</b>	<b>378.49</b>	<b>238.40</b>
Weighted average number of Basic Equity Shares Outstanding (In Nos.)	758,182,603	721,831,918
Weighted average number of Diluted Equity Shares Outstanding (In Nos.)	875,017,575	818,024,816
Face value of the Equity Share (In ₹)	10	10
Reported Earning Per Share (EPS)		
- Basic EPS (₹)	5.01	3.31
- Diluted EPS (₹)	4.34	2.92
Proforma Earning Per Share (EPS)		
- Basic EPS (₹)	4.99	3.30
- Diluted EPS (₹)	4.33	2.91



Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)  
Notes forming part of Consolidated Financial Statements

NOTE: 29

DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD-18

1 List of Related Parties

Holding Company  
Aditya Birla Nuvo Limited

Fellow Subsidiary  
Birla Sunlife Insurance Company Limited  
ABNL Investment Limited

Key Management Personnel  
Mr. Ajay Srinivasan

2 During the year, following transactions were carried out with the related parties:

₹ in Crores

Transaction / Nature of Relationship	Holding Company	Fellow Subsidiaries	Key Management Personnel	Grand Total
<b>Revenue From Operation</b>				
BSLI	-	3.53	-	3.53
	-	(3.93)	-	(3.93)
<b>TOTAL</b>	<b>-</b>	<b>3.53</b>	<b>-</b>	<b>3.53</b>
	-	(3.93)	-	(3.93)
<b>Interest Paid</b>				
ABNL	2.44	-	-	2.44
	(3.33)	-	-	(3.33)
<b>TOTAL</b>	<b>2.44</b>	<b>-</b>	<b>-</b>	<b>2.44</b>
	(3.33)	-	-	(3.33)
<b>Payment For Reimbursement of Revenue / Capital expenditure</b>				
ABNL	0.13	-	-	0.13
	(0.27)	-	-	(0.27)
BSLI	-	3.08	-	3.08
	-	(2.57)	-	(2.57)
<b>TOTAL</b>	<b>0.13</b>	<b>3.08</b>	<b>-</b>	<b>3.21</b>
	(0.27)	(2.57)	-	(2.84)
<b>Receipts against Reimbursement of Expenses</b>				
ABNL	0.01	-	-	0.01
	(0.02)	-	-	(0.02)
BSLI	-	39.14	-	39.14
	-	(29.51)	-	(29.51)
<b>TOTAL</b>	<b>0.01</b>	<b>39.14</b>	<b>-</b>	<b>39.15</b>
	(0.02)	(29.51)	-	(29.53)
<b>Purchase of Fixed Assets</b>				
BSLI	-	0.10	-	0.10
	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>0.10</b>
	-	-	-	-



₹ in Crores

Transaction / Nature of Relationship	Holding Company	Fellow Subsidiaries	Key Management Personnel	Grand Total
<b>Sale of Fixed Assets</b>				
ABNL	- (0.04)	-	-	- (0.04)
<b>TOTAL</b>	<b>-</b> <b>(0.04)</b>	<b>-</b>	<b>-</b>	<b>-</b> <b>(0.04)</b>
<b>Interest Expenses on NCD</b>				
BSLI	-	3.15	-	3.15
	-	(2.95)	-	(2.95)
<b>TOTAL</b>	<b>-</b>	<b>3.15</b>	<b>-</b>	<b>3.15</b>
	-	(2.95)	-	(2.95)
<b>Loans / Deposits taken (including Inter-Corporate Deposits )</b>				
ABNL	53.67 (32.29)	-	-	53.67 (32.29)
<b>TOTAL</b>	<b>53.67</b> <b>(32.29)</b>	<b>-</b>	<b>-</b>	<b>53.67</b> <b>(32.29)</b>
<b>Advance Taken for Expense</b>				
BSLI	-	10.06	-	10.06
	-	(11.39)	-	(11.39)
<b>TOTAL</b>	<b>-</b>	<b>10.06</b>	<b>-</b>	<b>10.06</b>
	-	(11.39)	-	(11.39)
<b>Managerial Remuneration Paid*</b>				
Mr. Ajay Srinivasan	-	-	12.79	12.79
	-	-	(6.96)	(6.96)
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>12.79</b>	<b>12.79</b>
	-	-	(6.96)	(6.96)
<b>Loans taken Repaid (including Inter-Corporate Deposits)</b>				
ABNL	102.70 (36.99)	-	-	102.70 (36.99)
<b>TOTAL</b>	<b>102.70</b> <b>(36.99)</b>	<b>-</b>	<b>-</b>	<b>102.70</b> <b>(36.99)</b>
<b>Deposits taken during the year</b>				
ABNL	0.04	-	-	0.04
	-	-	-	-
<b>TOTAL</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>0.04</b>
	-	-	-	-
<b>Deposits taken - Repaid during the year</b>				
ABNL	0.04	-	-	0.04
	-	-	-	-
<b>TOTAL</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>0.04</b>
	-	-	-	-
<b>Issue of Equity Shares</b>				
ABNL	247.00	-	-	247.00
	-	-	-	-
ABNL Investment	-	3.00	-	3.00
	-	-	-	-
<b>TOTAL</b>	<b>247.00</b>	<b>3.00</b>	<b>-</b>	<b>250.00</b>
	-	-	-	-





₹ in Crores

Transaction / Nature of Relationship	Holding Company	Fellow Subsidiaries	Key Management Personnel	Grand Total
<b>Conversion of Preference Shares to Equity Shares</b>				
ABNL	140.00 (40.00)	- -	- -	140.00 (40.00)
<b>TOTAL</b>	<b>140.00</b> <b>(40.00)</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>140.00</b> <b>(40.00)</b>
<b>Issue of Preference Shares</b>				
ABNL	720.00 (681.11)	- -	- -	720.00 (681.11)
<b>TOTAL</b>	<b>720.00</b> <b>(681.11)</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>720.00</b> <b>(681.11)</b>
<b>Outstanding Balances as on 31st March, 2016</b>				
Loan Taken outstanding balance	6.74 (55.77)	- -	- -	6.74 (55.77)
Interest accrued on Loans taken	0.16 -	- -	- -	0.16 -
Amount Receivable	0.04 (0.04)	1.69 (2.65)	- -	1.73 (2.69)
Amounts Payable	- -	3.29 (3.35)	- -	3.29 (3.35)
Interest Payable on NCD	- -	1.94 (2.25)	- -	1.94 (2.25)

- Figures in brackets represent corresponding amount of Previous Year.
- No amount, in respect of the related parties have been written off/back, is provided for during the year.
- Related parties relationships have been identified by the management and relied upon by the auditors.

\* - Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and accordingly have not been considered in the above information.



## Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)

### Notes forming part of Consolidated Financial Statements

#### NOTE: 30

#### SEGMENT DISCLOSURES

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisational structure as well as differential risk and returns of these segments.

The Group has considered business segment as the primary segment for disclosure. The products and services included in each of the reported business segments are as follows:

SEGMENT	ACTIVITIES
NBFC	Non-Bank Financial Services, Housing Finance
Asset Management	Asset Management
Insurance Broking	Insurance Broking
Money Broking	Equity and Commodity Broking,
Health Insurance	Health Insurance
Other Financial Services	Private Equity, Wealth Management and General Insurance Advisory

The Group considers secondary segment based on Services provided to customers India as "within India" and services provided to customers outside India as "outside India". Assets are segregated based on their geographical location.

#### Information about Primary Business Segments

Segment Revenue	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	External	Inter-Segment	Total	External	Inter-Segment	Total
NBFC	2,542.69	0.37	2,543.06	1,778.84	-	1,778.84
Asset Management	765.19	-	765.19	596.04	-	596.04
Insurance Broking	96.78	-	96.78	73.01	-	73.01
Money Broking	119.65	-	119.65	119.08	-	119.08
Health Insurance	-	-	-	-	-	-
Other Financial Services	73.64	17.75	91.39	97.09	16.28	113.37
<b>Total Segment</b>	<b>3,597.95</b>	<b>18.12</b>	<b>3,616.07</b>	<b>2,664.04</b>	<b>16.28</b>	<b>2,680.32</b>
Eliminations			18.12			16.28
<b>Total Revenue</b>			<b>3,597.95</b>			<b>2,664.04</b>

Segment Result (PBIT)	For the year ended 31st March, 2016	For the year ended 31st March, 2015
NBFC	596.14	407.44
Asset Management	303.22	148.01
Insurance Broking	28.19	22.66
Money Broking	3.14	0.46
Health Insurance	-	-
Other Financial Services	(71.93)	(48.07)
<b>Total Segment</b>	<b>858.76</b>	<b>530.49</b>
Less: Finance Cost	8.81	5.32
Add: Interest Income	10.68	8.98
Less: Inter Company Dividend Income	6.59	5.01
Add: Unallocable Income (net of unallocable expenses)	14.61	31.28
<b>Profit before Exceptional Item and Tax</b>	<b>868.65</b>	<b>560.42</b>
Exceptional Item	-	41.40
<b>Profit before Tax</b>	<b>868.65</b>	<b>519.02</b>
Tax Expenses	344.57	210.17
<b>Profit before Minority Interest</b>	<b>524.08</b>	<b>308.85</b>
Minority Interest	143.55	69.64
<b>Profit for the Year</b>	<b>380.53</b>	<b>239.21</b>



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**

**Notes forming part of Consolidated Financial Statements**

**Information about Primary Business Segments**

Other Information	Carrying Amount of Segment Assets (including Goodwill) as on		Carrying Amount of Segment Liabilities as on	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
<b>Financial Services</b>				
NBFC	28,135.95	18,043.85	24,293.88	15,465.75
Asset Management	238.28	238.52	162.11	121.03
Insurance Broking	27.18	17.39	26.84	14.65
Money Broking	445.50	419.65	144.17	127.56
Health Insurance	17.59	-	7.18	-
Other Financial Services	276.27	297.38	59.78	75.61
<b>Total Segment</b>	<b>29,140.77</b>	<b>19,016.79</b>	<b>24,693.96</b>	<b>15,804.62</b>
Inter-Segment Eliminations	(5.14)	(4.30)	(5.14)	(4.30)
Unallocated Corporate Assets/Liabilities	905.90	629.64	127.46	136.99
<b>Total Assets/Liabilities</b>	<b>30,041.53</b>	<b>19,642.15</b>	<b>24,816.27</b>	<b>15,937.31</b>

Other Information	Cost incurred to Acquire Segment Fixed Assets (including CWIP and Capital Advance) for the Year Ended		Depreciation / Amortisation for the Year Ended	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
<b>Financial Services</b>				
NBFC	18.68	12.30	8.83	6.76
Asset Management	6.18	11.92	8.92	10.66
Insurance Broking	3.47	2.30	1.91	1.18
Money Broking	2.95	1.25	3.96	5.93
Other Financial Services	18.45	8.58	9.23	12.96
<b>Total Segment</b>	<b>49.73</b>	<b>36.35</b>	<b>32.85</b>	<b>37.49</b>
Unallocated	-	-	-	-
<b>Total</b>	<b>49.73</b>	<b>36.35</b>	<b>32.85</b>	<b>37.49</b>

**Information about Secondary Business Segments**

	For the Year Ended	
	31st March, 2016	31st March, 2015
<b>Revenue by Geographical Market</b>		
In India	3,570.47	2,637.52
Outside India	27.48	26.52
<b>Total</b>	<b>3,597.95</b>	<b>2,664.04</b>
<b>Carrying Amount of Segment Assets</b>		
In India	30,018.12	19,621.83
Outside India	23.41	20.32
<b>Total</b>	<b>30,041.53</b>	<b>19,642.15</b>
<b>Cost incurred to acquire Segment Fixed Assets</b>		
In India	49.35	35.90
Outside India	0.38	0.45
<b>Total</b>	<b>49.73</b>	<b>36.35</b>



ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013, FOR CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

₹ In Crores

Name of the Entity	Net Assets as on 31st March, 2016*		Net Assets as on 31st March, 2015*		Share in Profit or Loss for the year ended 31st March, 2016		Share in Profit or Loss for the year ended 31st March, 2015	
	% of Consolidated Net Assets	Amount	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated Profit and Loss	Amount
<b>HOLDING COMPANY</b>								
Aditya Birla Financial Services Ltd	70.25%	3,129.71	48%	2,160.20	-0.13%	(0.48)	-12.76%	(48.56)
<b>SUBSIDIARY COMPANIES</b>								
Aditya Birla Capital Advisors Pvt Ltd	0.69%	30.96	0.59%	26.44	1.19%	4.52	1.17%	4.44
Aditya Birla Customer Services Ltd	-0.02%	(0.97)	0.06%	2.67	-18.39%	(70.00)	-16.12%	(61.35)
Aditya Birla Trustee Co. Pvt Ltd	0.01%	0.26	0.01%	0.23	0.01%	0.03	0.01%	0.04
Aditya Birla Money Ltd	0.83%	37.17	0.81%	35.97	0.31%	1.20	1.86%	7.08
Aditya Birla Commodities Broking Ltd	0.07%	3.26	0.02%	0.88	0.56%	2.13	-0.31%	(1.18)
Aditya Birla Financial Shared Services Ltd	0.00%	0.13	0.00%	0.20	-0.02%	(0.07)	0.02%	0.07
Aditya Birla Finance Ltd	82.96%	3,695.80	58.02%	2,584.83	107.38%	408.60	71.13%	270.68
Aditya Birla Insurance Brokers Ltd	0.77%	34.40	0.72%	32.27	5.60%	21.30	4.62%	17.59
Aditya Birla Money Mart Ltd	-0.41%	(18.27)	-0.26%	(11.46)	-1.79%	(6.81)	2.83%	10.76
Aditya Birla Money Insurance Advisory Services Ltd	-0.09%	(3.97)	-0.54%	(24.01)	-0.60%	(2.28)	-1.57%	(5.98)
Aditya Birla Housing Finance Limited	4.60%	204.76	1.03%	45.78	-7.94%	(30.22)	-1.35%	(5.13)
Birla Sun Life Asset Management Co. Ltd	18.64%	830.16	13.93%	620.67	55.05%	209.49	33.20%	126.34
Birla Sun Life Trustee Company Pvt. Ltd	0.01%	0.51	0.01%	0.46	0.01%	0.05	0.02%	0.08
Aditya Birla Health Insurance Company Limited (w.e.f 28th March, 2016)	0.06%	2.80	0.00%	-	0.00%	-	0.00%	-
Aditya Birla Securities Pvt Ltd (Upto 10th September, 2014)				-				(0.00)
<b>FOREIGN SUBSIDIARY COMPANIES</b>								
Aditya Birla Sunlife AMC PTE Singapore Ltd	0.11%	4.69	0.07%	3.07	-1.75%	(6.67)	-1.43%	(5.46)
Aditya Birla Sunlife AMC Dubai Ltd	0.12%	5.18	0.13%	5.85	-0.26%	(1.00)	-0.09%	(0.36)
Birla Sunlife Mauritius Ltd	0.12%	5.37	0.09%	4.14	1.37%	5.22	1.31%	5.00
<b>Minority Interest</b>								
	-16.96%	(755.76)	-18.00%	(801.83)	-37.72%	(143.55)	-18.30%	(69.65)
<b>ASSOCIATES</b>								
Birla Securities Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	0.00
Consolidation Eliminations and Adjustments		(2,751.41)		(3,716.12)		(10.93)		(5.20)
<b>TOTAL ATTRIBUTABLE TO OWNERS</b>		<b>4,454.80</b>		<b>2,970.24</b>		<b>380.53</b>		<b>239.21</b>

Interest

Notes:

\* Net Assets = Total Assets - Total liabilities

1. India Advantage Fund Limited (IAFL), wholly owned Subsidiary of Birla Sun Life Asset Management Company Limited, is a collective investment scheme set up as a fund in Mauritius with the status of a limited company under the Mauritius Companies Act. In terms of constitution and private placement memorandum, IAFL has classes of redeemable participating shares. Each class of participating shares has its own Balance Sheet and Statement of Profit and Loss. The Profit/Loss of each such class belongs to the participating shareholders of that class. Birla Sun Life Asset Management Company Limited (BSAMC) owns 100% of the management share, and management shareholder is not entitled to any beneficial interest in the profit/loss of various classes nor is required to make good any shortfall. In substance, there are no direct or indirect economic benefits received by the management shareholders. The substance over form must prevail. Accordingly, the Group has not consolidated IAFL in the Consolidated Financial Statements.

2. Aditya Birla Sun Life AMC pte Limited, Singapore has made investment in International Opportunities Fund. International Opportunities Fund SPC(IOF) is segregated portfolio company set up as a fund in Cayman islands under the Cayman Islands Monetary Act. In terms of constitution and private placement memorandum, IOF has various segregated portfolio which issue redeemable participating shares. Each Segregated Portfolio of participating shares has its own Balance Sheet and Profit and Loss account. The Profit/Loss each such Portfolio belongs to the participating shareholders of that segregated portfolio. Aditya Birla Sun Life Asset Management Pte. Limited (ABSLAMC) owns 100% of the management share and management shareholder is not entitled to any beneficial interest in the profit/loss of various segregated portfolios nor is required to make good any shortfall. In substance there are no direct or indirect economic benefits received by the management shareholders. The substance over form must prevail. Accordingly, the Group has not consolidated IOF in the Consolidated Financial Statement.



**Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)**  
**Notes forming part of Consolidated Financial Statements**

NOTE: 32

**OTHER SIGNIFICANT NOTES**

- (i) The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.
- (ii) The Group's pending litigations comprise of claims by or against the Group primarily by the employees / customers / suppliers, etc. and proceedings pending with tax and other government authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where Provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Group has made adequate provision in the financial statements and appropriate disclosure for contingent liabilities is given in Note 22.
- (iii) Pursuant to a Share Purchase Agreement ("SPA") between Aditya Birla Nuvo Limited (ABNL), the holding Company and Mr. Prataph C. Reddy and others, Erstwhile Promoters, Aditya Birla Money Limited (ABML), a subsidiary of ABNL, dated August 28, 2008, ABNL had agreed to acquire 31 million equity shares in ABML. The transaction was completed on March 6, 2009.

As per the SPA, the Erstwhile Promoters had agreed to indemnify and hold harmless the ABNL to the extent of any Losses, resulting from or consequent upon or relating to such breach of representations or warranties, covenants or agreement including but not limited to the recoveries of receivables and other assets in the books of ABML, contingencies on tax and related matters, etc.

Subsequent to the completion of the above transaction, the ABNL noted several breaches of representations and warranties including but not limited to non-recovery of debtors, irrecoverable advances, missing fixed assets, etc. Accordingly, the ABNL based on its internal assessment of the recoverability of receivables, fixed assets, other assets and matters relating to tax and other contingencies arrived at an amount of ₹ 16.66 Crore as losses incurred on account of breach of representation warranties in the SPA. Further, the ABNL, vide its letter dated March 5, 2011, made a separate claim of ₹ 0.52 Crore for amounts becoming due and payable on accounts of various cases initiated by the customers of the ABML. ABNL invoked the arbitration mechanism and filed their Statement of Claim on February 26, 2011, with the Arbitration Tribunal.

Pending the final outcome of the arbitration proceedings, ABML has identified all such receivables, assets, etc., which have not been recovered and other items, which are the subject matter of the claim to the extent they are in the books of account of the ABML as at March 31, 2016, aggregating ₹ 18.66 Crore (Previous Year: ₹ 14.90 Crore) and disclosed the same in Short-term Loans and Advances in Note 10B of the Balance Sheet, as these amounts would be paid directly to the ABML by the Erstwhile Promoters at the direction of ABNL as and when the settlement happens.

Both parties completed filing of documents. On July 04, 2012, a hearing was held and M/s. Deloitte Haskins & Sells were asked to act as auditors by the Arbitrators with a mandate to submit a report on whether from an accounting perspective, including the accounting treatment that has been given to the items set out in the Statement of Claim, the amounts as claimed are correct as per accounting practice.

The arbitral tribunal then directed the Claimants and Respondents to file their objections if any to the audit report submitted by M/s. Deloitte Haskins & Sells and had also directed the Respondent to file their list of witnesses (if any) by the end of April 2013. The Respondents filed their objections to the audit report and ABNL had also filed its reply to the said objections.

Arguments in rebuttal by the Claimant was completed on October 25, 2013 and written submissions were filed by October 29, 2013. The tribunal has reserved the award.

During the FY 2014-15, Arbitral Tribunal has passed an award, allowing claim of ₹ 10.24 Crores, which excluded premature claims pertaining to income tax, service tax, etc. Further, such award directed the Erstwhile Promoters to pay a sum of ₹ 5.73 Crore (being 56% of ₹ 10.23 Crores, as ABNL has purchased only 56% of shares), along with interest @ 14% from the date of award. This award was received by ABNL on 27th May 2014.

Subsequently, during the year both parties have filed petitions under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the award and the same are admitted and pending on the file of the High Court of Madras.

In respect of such receivables, which excludes premature claims pertaining to income tax, service tax, etc., ABNL has created adequate provision, which also includes claims not awarded by the Arbitral Tribunal to the extent of 44%. In respect of tax claims, ABML has obtained favourable order for certain assessment years & is confident of recovering such amount in due course. Such amounts are fully recoverable from the income tax department.

Further, during the year, the Supreme Court dismissed the appeal filed by ABML against SAT order directing the ABML to pay a sum of ₹ 1.66 Crore together with interest thereon. Consequently, SEBI served a notice of demand on ABML, seeking payment of a sum of ₹ 1.66 Crore towards turnover fee and a sum of ₹ 3.76 Crore towards interest thereon from the respective due dates of payment of the said Turnover Fee.

As the erstwhile promoters have agreed to indemnify ABNL to the extent of any losses resulting from or consequent upon the civil appeal pending before the Supreme Court, vide Civil Appeal No. 3441/2007 in the SPA, the demand was communicated to the erstwhile promoters, and the erstwhile promoters have paid the total turnover fee of ₹ 1.66 Crore to ABNL against the payment made by the ABML to SEBI.

The request of the ABML to SEBI seeking waiver of the interest was not considered favourably and the review petition filed by ABNL in the Supreme Court was also dismissed. In the meanwhile, SEBI issued a Recovery Certificate dated 12th January, 2016, seeking to recover the interest amount and ABML remitted the above mentioned interest amount with SEBI under intimation to erstwhile promoters.

Based on legal opinion received and internal assessment, the ABNL is confident of recovering the allowed claim through the legal process.



## Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited)

### Notes forming part of Consolidated Financial Statements

- (iv) Madura Garments Lifestyle Retail Company Limited (MGLRCL), a fellow subsidiary of the Company, was amalgamated with the Aditya Birla Finance Limited in terms of the Scheme of Amalgamation (the Scheme) under Sections 391 to 394 of the Companies Act, 1956 including corresponding provisions of the Companies Act, 2013, as approved by the Hon'ble High Court of Gujarat vide its order O/Comp/392/2015 dated December 21, 2015 with an appointed date of July 01, 2015. The Scheme was made effective by the Company upon filing of Form INC - 28 with the Registrar of Companies, Gujarat on January 25, 2016.

In accordance with the said Scheme, the assets, liabilities and reserves of MGLRCL have been accounted at the values at which they were appearing in the books of MGLRCL as at July 01, 2015 and the difference between the net assets (assets and liabilities) and reserves of MGLRCL transferred to the Company is shown in the general reserves of the Company. The amalgamation has been accounted for under the "Pooling of Interest method" as prescribed by "Accounting Standard 14 (AS-14) Accounting for Amalgamation" notified under Section 133 of the Companies Act 2013.

The consideration payable to the shareholders of MGLRCL in terms of the Scheme is:

(a) 9 (Nine) equity shares of the face value of Rs.10/- (Rupees Ten Only) each fully paid-up of the Company for every 32 (Thirty Two) equity shares of the face value of ₹10/- (Rupees Ten Only) each fully paid-up of MGLRCL to the equity shareholders of MGLRCL; and

(b) 1 (One) 8% Redeemable Cumulative Preference Shares of the face value of ₹10/- (Rupees Ten Only) each fully paid-up of the Company for every 1 (One) 8% Redeemable Cumulative Preference Shares of the face value of ₹10/- (Rupees Ten Only) each fully paid-up of MGLRCL to the preference shareholder of MGLRCL.

Accordingly, the ABFL has issued and allotted 53,455,883 equity shares of the face value of ₹ 10/- (Rupees Ten Only) each fully paid up to the equity shareholders of MGLRCL and 10,000,000 8% Redeemable Cumulative Preference Shares of face value of ₹ 10/- (Rupees Ten Only) each fully paid up to the preference shareholders of MGLRCL. Post issue of Shares, holding of ABFL has been reduced to 89.39%.

- (v) Figures of ₹ 50,000 or less have been denoted by 'B'.
- (vi) Previous Year's figures have been regrouped/rearranged, wherever necessary.

As per our attached Report of even date

For S. R. Batliboi & CO LLP

Chartered Accountants

ICAI Firm registration no.301003E/E300005

Per Shrawan Jalan

Partner

Membership No. 102102



Mumbai, June 26, 2017

For and on behalf of the Board of Directors

Shriram Jagetiya

Director

DIN-1638250

Pinky Mehta

Director

DIN : 00020429

Suresh Daga

Company Secretary

Mumbai, June 26, 2017

