

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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

To,
The Members of,
Aditya Birla Finance Limited
Indian Rayon Compound,
Veraval,
Gujarat- 362266

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Finance Limited** having **CIN U65990GJ1991PLC064603** (hereinafter called the 'Company') for the financial year ended on 31st March 2021 (the "Audit Period").

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

We are issuing this report based on:

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

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2021, the Company has:

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

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

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

1. Compliance with specific statutory provisions



We further report that:

- 1.1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses of:
- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings availed;
 - (iv) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder to the extent of transfer of securities;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (vi) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).

1.2 During the period under review:

- (i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
- (ii) Generally complied with the applicable provisions / clauses of:
 - (a) The Act and Rules mentioned under paragraph 1.1 (i)
 - (b) FEMA to the extent of External Commercial Borrowings mentioned under paragraph 1.1 (iii) and
 - (c) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings held during the year and the 29th Annual General Meeting held on 10.07.2020. The compliance of the provisions of the Rules made under the Act with regard to the Board meetings and its committee meetings held through video conferencing were verified based on the minutes of the meeting provided by the Company.



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

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (ii) The following Regulations and Guidelines prescribed under the SEBI Act:-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and
 - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018
 - f. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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

2. Board processes:

We further report that:

2.1 The Board of Directors of the Company as on 31st March 2021 comprised of:

- (i) A Managing Director i.e. Mr. Rakesh Singh appointed by the Board of Directors as an Additional Director for post of Managing Director for the period of 5 years w.e.f. 23.07.2019 and the same was approved by the Shareholders at the 29th Annual General Meeting held on 10.07.2020
- (ii) One Non-Executive Non-Independent Director; and
- (iii) Six Non-Executive Independent Directors, including a Woman Independent Director



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

- (i) Re-appointment of Mr. Bishwanath Puranmalka (DIN:- 00007432) as a director liable to retire by rotation and re-appointed at 29th Annual General Meeting held on 10.07.2020. Subsequently Mr. Bishwanath Puranmalka tendered his resignation vide his letter dated 14.01.2021, with immediate effect.
- (ii) Mr. Rakesh Singh (DIN:- 07006067) was appointed as an Additional Director - Managing Director and as Chief Executive Officer by the Board of Directors of the Company subject to Shareholders approval for a period of five years w.e.f. 23.07.2019. The said appointment was regularized at 29th Annual General Meeting held on 10.07.2020.
- (iii) Appointed Mr. Kamlesh Rao (DIN: 07665616) as an Additional Director (Non-executive) of the Company w.e.f. 04.02.2021, subject to approval of the Reserve Bank of India and shareholders' approval at the ensuing General Meeting of the Company

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

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

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

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

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

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

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

- (i) Majority decisions were carried through; and



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

3. Compliance Mechanism

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

4. Specific events / actions

We further report that during the audit period, the following specific events/ actions having a major bearing on the Company's affairs held:-

- a) The Company got itself enrolled as member of National Credit Guarantee Trustee Company Limited (NCGTC) under the Emergency Credit Line Guarantee Scheme (ECLGS) and such other Schemes, from time to time, managed and operated by NCGTC.
- b) The Board of Directors at its meeting held on 04.06.2020 carried out revision in borrowing sub-limits and list of signatories with no revision in the overall borrowing limits.
- c) The Company became a member by applying for the membership of Aditya Birla Capital Foundation (a Section 8 Company limited by Guarantee) under the name 'Aditya Birla Finance Limited' and nominated Mr. Ajay Srinivasan as director on the Board of Aditya Birla Capital Foundation.
- d) The Company availed web based facility of Negotiated Dealing System – Order Matching (NDS-OM), an internet based web application provided by the Reserve Bank of India (RBI) to access RBI's NDS-OM market for transactions (buying and selling) in Government Securities to be settled through HDFC Bank Limited.
- e) Pursuant to the merger of Wealth business of Aditya Birla Money Mart Limited with the Company, the Company had issued 23,99,134 0.1% Compulsorily Convertible Debentures (CCDs) which were due for conversion into equal no. of 0.1% Redeemable Non-Convertible Non-Cumulative Preference Shares (RNCNCPs) of Rs.100/- each at premium of Rs. 54 per RNCNCPs on March 21, 2021. These RNCNCPs are redeemable at premium of Rs. 83 per RNCNCPs at the end of 2 (two) years i.e. on March 21, 2023 or any such time at the option of the holder.

As per the terms of CCDs and upon receipt of approval from Aditya Birla Capital Limited (the sole holder of CCDs), the Company converted 23,99,134 0.1% CCDs on March 20, 2021 into equal no. of 0.1% Non-Convertible Debentures (NCDs) of Rs. 100/- each at premium of Rs. 54 per NCD and early redemption of these NCDs at Rs. 154 per NCD on March 20, 2021.



- f) The Company has issued and allotted Non-Convertible Debentures of Rs. 3,136 Crore and Sub-debt of Rs. 80 Crore during the year in various tranches. During the year Company redeemed Non-Convertible Debentures worth Rs. 5,119 Crore in various tranches.



K. Venkataraman

Venkataraman K.
Associate Partner
ACS No.:-8897/ COP No.:- 12459
For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
[PR No.:-637 / 2019]
UDIN:- A008897C000292477

Place:- Mumbai
Date:- 13.05.2021

**Annexure A to the Secretarial Audit Report for the financial year ended
31st March 2021**

To,
**The Members,
Aditya Birla Finance Limited**

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



K. Venkataranas

Venkataraman K.

Associate Partner

ACS No.:-8897/ COP No.:- 12459

For BNP & Associates

Company Secretaries

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