ANNUAL REPORT
2020-21

MONEY & HEALTH SOLUTIONS FOR THE LIFE YOU DESIRE ARE NOW JUST A CLICK AWAY.

Aditya Birla Capital Limited

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

Mr. Aditya Vikram Birla

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.

CHAIRMAN'S LETTER TO SHAREHOLDERS

KUMAR MANGALAM BIRLA
Chairman, Aditya Birla Group

Dear Shareholders,

The COVID-19 pandemic has touched every aspect of our lives across the world. It has altered mindsets, perceptions and strategies for businesses and beyond. If there is one abiding lesson, it is that sustainable growth and development involves holistic nurturing of human, natural, and financial capital. 2020 is a year that will only gain in significance when viewed through the perspective lens of time.

The Global Economy

The world has been fighting the COVID-19 pandemic for more than a year now and the struggle has had deleterious economic effects. In 2020, the global economy contracted by 3.3%, the largest contraction on record, at least since World War II. Much of it was concentrated in the first half of our fiscal year FY21, as several countries enforced strict lockdowns. Economies bounced back – albeit at differentiated speeds – in subsequent quarters, on the back of large fiscal stimulus packages, especially in the developed countries, restocking demand after dilution of lockdowns, and improved confidence levels following the start of vaccination programmes. As per the recent forecasts from the International Monetary Fund (IMF), the US and China are expected to record a strong recovery in 2021, resulting in a net positive expansion of their economies over the 2019 levels. These two engines of growth are expected to boost demand for exports from other countries. Even the other two large economies, the EU and Japan, are expected to expand.

In response to the pandemic, central banks resorted to strongly supportive monetary policies in most developed economies, causing interest rates to go down to record lows. At the same time, another consequence of this policy has been a surfeit of liquidity. That has led to a strong rally in prices of many industrial commodities, which has also been supported by the evolving economic recovery, stimulus-related demand expectations and certain supply-side disruptions. This has caused inflationary pressures on the cost dynamics of several manufacturing industries.

The latest IMF forecast suggests a strong 6% growth in global GDP in 2021. But the occurrence of second and third waves of COVID-19 in different parts of the world and reports of virus mutations have created downside risks to the outlook of a strong growth rebound. Recovery remains uneven and uncertain, with the extent of fiscal support and level of vaccination being key differentiators of the short-term economic outlook across countries.

Indian Economy

Indian economy, which was firmly on the path of recovery in the second half of FY 2020-21, was hit by a rather unexpectedly virulent second wave of COVID-19. That caused a severe strain on healthcare facilities in many parts of the country, leading to localised lockdowns and a fall in mobility to levels seen a year ago. This may lead to some reassessment of growth estimates for FY 2021-22.

As a silver lining, disruptions to production and supply chains have been far less severe during the second wave than during the first wave. Vaccinations are picking up pace, which would support faster normalisation of mobility levels and of related economic activities. Continued accommodative monetary policy of the RBI and the expected increase in capex from the Government are factors that will support growth recovery. In addition, global growth prospects provide us with exports as an additional strong driver of growth.

The longer-term prospects for the Indian economy continue to be robust. Various initiatives, including privatisation of public sector enterprises, monetisation of assets, implementation of National Infrastructure Pipeline, targeted investment incentives through the Production-Linked Incentives Scheme and the new Labour Code, are likely to spur a virtuous cycle of investments and growth in the medium term.

ABG in Perspective

Like for many other organisations, the COVID-19 crisis brought out challenges of many forms. Economic impact and business disruptions apart, many members of our extended family – our employees and their near ones, our value chain partners, our neighbourhoods – faced health emergencies. The pandemic also caused deep psychological scars as people had to adjust to new ways of living and working. Notwithstanding these challenges, our employees have displayed the highest possible resilience in coping with personal concerns and yet staying focused on the customers and the business. Our business results convey only a small part of the story of our employee courage, compassion, community spirit and cultural strength.

As the lockdowns took a firm grip on people's lives and constraints mounted in the early part of the financial year, our leadership teams rose to the occasion with robust planning and continuous communication with people at all levels through the organisation. Personally, it was energising for me to engage at scale with employees globally through a series of digital townhalls that instilled confidence in employees and reinforced the power of 'One ABG'. The 'Respond, Recover and Re-imagine' framework underpinned several new initiatives. These included close coordination among HR teams across the Group units to respond to local-level challenges by leveraging the organisational resources and a thrust on disseminating relevant information through all digital channels about the resources lined up to help the extended ABG family deal with the emergencies.

COVID-19 warriors were trained and voluntary networks were formed to assist our employees and their families in need. Preferential tie-ups with local hospitals and a central coordination centre with an external party were set up to provide special assistance to our employees through Doctors' network, telemedicine and other COVID-19 related Health assistance. Workplace health, hygiene and COVID-19-appropriate behaviour remained the focus of our managers at all levels helping the organisation to stay ever vigilant. 'Test, Treat and Trace' was the mantra of protection and well-being followed scrupulously.

Apart from focusing on health emergencies, initiatives for mental agility and continuous learning were taken to maintain organisational morale. A learning programme christened as 'Chairman's Invitation Series' was curated to bring the best insights on a changing world from the world's leading thought leaders. There was an increased thrust on online education, recognition and knowledge sharing sessions.

These well-rounded initiatives on the people front also helped our business performance to bounce back strongly. The focus on customers and costs remained undiminished through the year. Critical business processes such as new line commissioning, new product launches, new system and technology implementation- all happened seamlessly and presented a unique human story of innovation and fortitude bringing alive the values of commitment and passion. People learnt new skills and new behaviour at work while not being at office or at the workplace as one knows. People engagement, team trust and Group values proved to be the energy and the glue for our performance.

In the spirit of not letting a crisis go to waste, our HR teams globally collaborated to create a long-term HR Strategy for the Group and individual businesses. This was achieved even while working remotely; 150 of the

HR leaders came together digitally over a four-month period to craft a coherent HR strategy to reflect both Group aspirations and the business needs. Premised on creating an Avant Garde HR strategy, the work focused on employee experience and business productivity in a balanced mix with growth, technology and talent as other critical pillars. This HR strategy is under dissemination to various stakeholders and an annual action agenda is being rolled out at all levels. This has been a signature example of collaboration, thought leadership and determined action – ingredients that usually make up most successful organisations.

Your Company's Performance

Your Company delivered a strong performance in FY 2020-21 across businesses, leading to delivery of highest ever consolidated profit, despite macro-economic challenges. Your Company has built a credible track-record in building scale, retailisation and consistent profitability. The retailisation strategy has led to the active customer base growing to ~ 24 Million, a 22% year-on-year growth. The scale is evidenced with overall AUM across asset management, life insurance and health insurance businesses growing 10% year-on-year, to over ₹3,35,000 Crore. The overall lending book (NBFC and Housing Finance) at ~ ₹60,000 Crore, shows the scale in lending. The gross premium (across Life and Health Insurance) grew 25% year-on-year to ₹11,076 Crore, with the retail mix at 72%, reflecting the scale in insurance. The consistency of profitability is reflected in the fact that the profit after tax CAGR over the last 5 years is 18.5%.

Your Company's revenue grew 14% year-on-year to ₹20,447 Crore. The consolidated profit after tax (after minority interest) reflected a growth of 22% year-on-year to ₹1,127 Crore.

In line with strategy of value unlocking, Aditya Birla Sun Life AMC Limited (ABSLAMC), a subsidiary of the Company, filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India ('SEBI') in April 2021, for an initial public offering by way of an offer for sale ('IPO') of shares of ABSLAMC, subject to relevant approvals, as required.

I would like to particularly highlight the way your Company accelerated the digital transformation journey to the next level. Your Company has built a digital-first culture amongst people across businesses and partnered with many leading Fintech companies in creating innovative solutions to deliver customer delight. Your Company have been re-engineering technology stack and processes as per business needs and data-driven decision-making has become a norm across all businesses. Post the pandemic in 2020, within few weeks, over 90% services of your Company and its subsidiaries were made available to customers at their fingertips.

The performance reflects the strong execution by teams across each business of your Company and a relentless focus to generate value for our stakeholders.

The financial services sector is pivotal to the India growth story as well as the Group's overall strategy. Your Company has a vision to be a leader and role model in the financial services sector and has made significant progress towards it. Going forward, your Company will focus on leveraging technology and analytics to grow revenue, improve customer experience, optimise cost and build robust, scalable systems. It will also focus on driving value of its large active customer base and other relevant databases of size through partnerships.

Conclusion

The year-long response to the pandemic, across the globe, exhibited all that is noble and uplifting in the human spirit. A spirit that was also in display in your Company's actions and performance during the year.

Through this pandemic, your Company's people and systems have been battle tested and even better prepared to face any competitive challenge or serious external disruption. It has strengthened the bonds within, opened better vistas of co-operation and convinced our stakeholders that our people deliver – no matter what! That is our best assurance of sustainability and continued collective prosperity.

Yours sincerely,

KUMAR MANGALAM BIRLA
Chairman

CHIEF EXECUTIVE'S LETTER TO SHAREHOLDERS

AJAY SRINIVASAN
Chief Executive, Aditya Birla Capital

Dear Shareholders,

What a year it's been! We have all lived through perhaps one of the most unprecedented and challenging years of our lives. Some of you might have memories of World War II and even the Great Depression. But for many, the lockdowns around the world, the waves and mutations of the virus and the significant impact on lives and livelihood will remain etched in memory for all time. The concerted action of policy makers around the world helped economies recover and markets soar. But, its only with the increase in vaccinations around the world that apprehension, fear and anxiety will slowly give way to some form of normalcy that we all were used to before 2020 began.

While the pain of FY 2020-21 will not abate anytime soon, history shows that typically a crisis is followed by a period of strong growth and we have seen this happen post the World Wars, the Great Depression and even the global financial crisis. So, one can expect growth to rebound strongly once normalcy sets in. Such crises have also been the times when innovations have flourished and we should expect innovations in different areas that we would be able to trace to the times we have all recently experienced.

At Aditya Birla Capital we had a choice to make. We could either buckle up and wait for the storm to pass or we could look for hope in adversity and opportunity in the crisis. The 22,500+ employees at Aditya Birla Capital chose to reinvent, innovate and focus to find ways to continue to help our customers lead fulfilling lives.

22,500+

EMPLOYEES OF WHICH 70%+ ARE MILLENNIAL EMPLOYEES

Seeing what was happening in other parts of the world, we prepared for lockdown before it was announced in March 2020. Our various teams enabled our employees to work safely from home, serving customers while ensuring all controls were in place. We were equally quick to re-open branches when it was allowed, again focusing on serving our customers. Our digital transformation journey started a few years ago but gained enormous traction last year. We re-engineered our distributor and customer journeys to enable easy onboarding, transacting and servicing even as we leveraged the latest technology to help us do this. At the same time, we leveraged technology, robotics and partnerships with Fintechs to ensure that our mid and back office were equally digitised. Analytics helped us acquire more customers, retain customers, help our distributors farm for prospectus and mitigate risk. All the while of course we remained focussed on the health and wellbeing of our people and their families. We appointed Flu managers across the country to help our employees and had a 24X7 helpline that anyone could call for assistance. In spite of this, we lost some of our dear employees to this dreaded virus and our hearts and prayers go out to the families of these ABC employees.

The Year That Was

While the pandemic impacted many industries and companies, our diversified business model continued to help us deliver consistent returns in one of the most challenging years. Highlights of the year were:

- Revenue grew 14% year-on-year to ₹20,447 Crore
- Consolidated Net Profit grew 22% year-on-year to an all time high of ₹1,127 Crore
- The Company's retailisation strategy led to the active customer base growing to over 24 Million, increasing by 22% year-on-year
- Overall AUM across asset management, life insurance and health insurance was over ₹3,35,000 Crore and increased 10% year-on-year
- Gross Premium (across Life and Health Insurance) grew to ₹11,076 Crore, up by 25% year-on-year
- Overall lending book (NBFC and Housing Finance) stood at ₹60,557 Crore

Delivering on our commitment is part of our DNA. In spite of all the volatility of the past few years, our teams have stayed steadfast in their focus and commitment. As a result, we have delivered across the board in terms of our strategic goals be it improving our margins, reducing our credit cost, optimising our portfolio for returns, taking out cost or driving on retailisation.

↑ 22%

24 Mn

ACTIVE CUSTOMERS

Continued focus on scale, profitability and retailisation

The results of FY 2020-21 are a continuation of our focus on building scale, retailisation and enhancing profitability over time. Over the last 5 years, our profit after tax has grown at 18.5% per annum. Since FY 2016-17 (the fiscal before our listing) we have grown across our platform as can be seen from the data below:

(₹ in Crore)

Protecting (Life and Health Insurance)	FY17	FY21
Total Gross Premium	5,778	**11,076**
LI: Net VNB	-5.5%	**10.6%**
HI: Combined Ratio	283%	**120%**
Lives Covered (Million)	5.8	**21.3**

Investing (Mutual Fund)	FY17	FY21
Domestic AAUM	1.88 Lakh	**2.68 Lakh**
PBT Bps	19	**28**
Investor Folios (Million)	3.9	**7.1**

Financing (NBFC and HFC)	FY17	FY21
Total Lending Book	38,839	**60,557**
PAT	570	**906**
Retail + SME (incl. HFC) %	41%	**64%**

Looking ahead

The ABC platform is large and powerful. The diversified nature of the platform allows us to capitalise on multiple opportunities and deliver strong earnings through cycles. Our pan-India multi-channel distribution network allows our customers to access our platform when and how they choose. Our talented employee pool with a mix of experience and youth (with over 70% being millennials) powers us forward every day. Our large customer base and analytics provides the basis for deepening customer relationships. Our mindset and efforts to synergise help us reduce costs, transport best practices across businesses and provide a world of opportunity for our people. And finally, our focus on technology and digital assets help us drive revenues, reduce costs, improve customer experience and build robust process.

Our strategic roadmap for the next three years was covered during the Q3 FY21 investor presentation and is available on our website.

In our NBFC business, we are looking to grow our book focussing on retail and SME, with this segment targeted to grow to 65% of our book by FY 2023-24. This will be enabled by the expansion of our branch footprint in tier II/III over the next 12-18 months. As a result of the change in the mix, we expect our NIM to expand and our cost-income ratio to reduce, which should deliver an ROE in the 16-17% range by FY 2023-24.

We want to grow the overall loan book of our Housing Finance business with a focus on affordable housing whose share should improve to 65% of our total book. We expect consequently the NIMs to improve and CIR to reduce, taking our ROE to 14-15% by FY 2023-24.

18.5%

PAT GROWTH OVER THE LAST 5 YEARS

In our asset management business, our focus will be on increasing our equity mix, retail customer base and presence in smaller cities, which should help us continue to deliver strong ROE of 35-40%.

In the life insurance business, we are looking at good growth in both new individual and renewal business. An improvement in our protection mix to 12-14% by FY 2023-24 and reduction in our opex to premium ratio, should help us deliver a Net VNB margin of 16-17% by FY 2023-24.

In health insurance, we expect continued strong profitable growth, faster than the industry. We expect to break even in Q4 FY22, barring any surge in claims due to another COVID-19 wave.

While we drive the above metrics, we will continue to focus on our unique ability to meet our customer's lifetime money and health needs. Equally, we will keep the commitment we have to our CSR causes of healthcare, education, sustainable livelihood & women empowerment and sports. Our CSR efforts touches more than 2.6 lakh people and does its bit to help better lives. We are also committed to sustainability and you will find more about our efforts in this area elsewhere in the report.

Awards & Recognition

ABCL and its subsidiaries continues to win prestigious awards, like the 'Asia Pacific Enterprise Award for Corporate Excellence', competing against several top corporates in Asia Pacific. We were named 'Brand of the Year' at the Indian Content Marketing Awards 2020 and were recognised as one of the 'top 25 innovative companies in India' by CII. We were recognised as one of the 'Top 25 Dream Employer' across Top B school campuses by insideiim.com survey, while our CSR initiatives received the 'FICCI CSR' award. These awards are a fruit of all the efforts and passion brought to work every day by employees at ABCL and its subsidiaries.

Thank You

I am grateful to you, our shareholders, who have shown unwavering faith in our strategy. I would like to extend my gratitude for the generous support and guidance received from our Chairman and the Board. I would also like to thank our regulators, esteemed partners, and everyone of our customers for placing their trust in us. Finally, I would like to thank all my colleagues and their families, who have been true warriors during these most challenging times, supporting ABC and each other with unstinted dedication and passion.

ABC has always been home to those who dream of enabling our customers have fulfilling lives and work together to make it a reality. That's the mindset that enabled us to deliver on our commitments last year, and it is what will inspire and motivate us towards new heights in the years to come. We reaffirm our commitment to delivering quality growth and look forward to continuing the momentum we have built over these years.

Yours sincerely,

AJAY SRINIVASAN
Chief Executive, Aditya Birla Capital

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View our Annual Report 2020-21 online
www.adityabirlacapital.com/investor-relations/financial-reports

INTRODUCTION

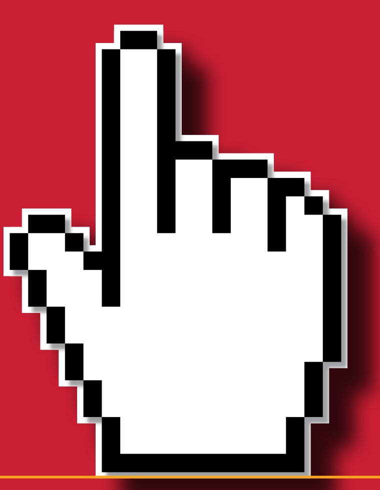
Our purpose at Aditya Birla Capital is to enable people to live the fulfilling life they have imagined for themselves by partnering them in all their Protecting, Investing and Financing needs, throughout their lives. We endeavour to stay ahead of our customers' expectations, by continuously understanding their needs through insightful engagements and by constantly innovating to deliver in a fast-changing world.

There can be no denying that the past year-and-a-half has been an enormous battle for humanity against the COVID-19 outbreak. The pandemic has created pervasive uncertainty and ensured sustained attention on health, reshaping customer behaviour. Digital engagements have seen a dizzying acceleration and the offline-to-online service transition, that may have otherwise taken several years to complete, has happened in less than a few months.

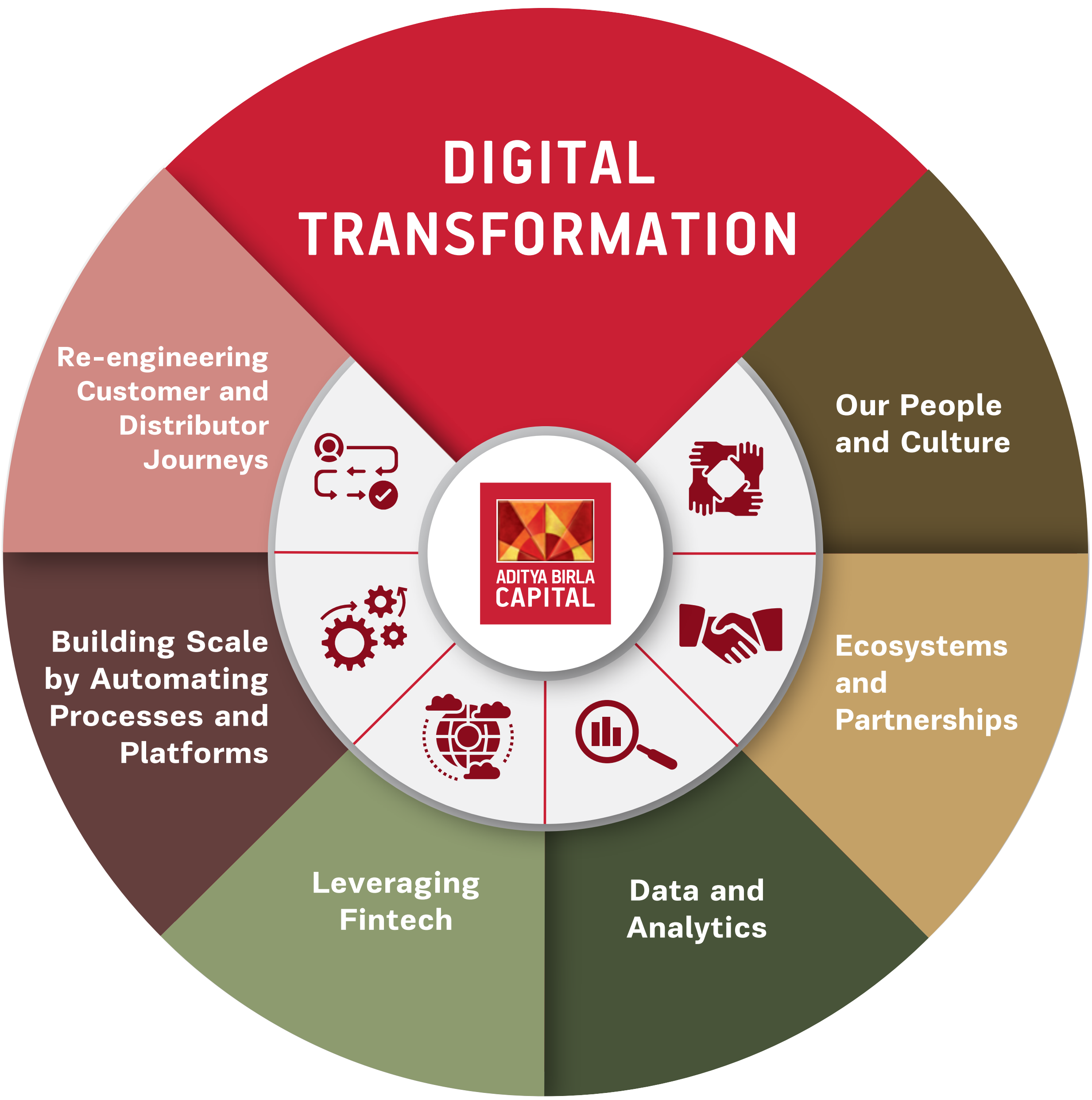
In order to stay ahead of our customers' needs we, at Aditya Birla Capital, began our digital transformation a few years ago. We have been working hard to instil a digital-first culture amongst our people across all our businesses. Many leading Fintech companies around the globe partner us in creating innovative solutions that help our businesses deliver customer delight. We have been re-engineering our technology stack and our processes as per business needs and data-driven decision-making has become a norm across all our businesses.

As a result, when the pandemic struck in 2020, we were not caught off guard. Headquartered out of our homes, we were able to take our ongoing digital transformation journey to its next level. In a matter of weeks, over 90% of all our services were made available to our customers at their fingertips. We further accelerated our digital transformation across all key enablers:

- Re-engineering Customer and Distributor Journeys
- Building Scale by Automating Processes and Platforms
- Leveraging Fintech
- Data and Analytics
- Ecosystems and Partnerships
- Our People and Culture



PILLARS OF DIGITAL TRANSFORMATION AT ABC



DIGITAL TRANSFORMATION AT ABC

1. RE-ENGINEERING CUSTOMER AND DISTRIBUTOR JOURNEYS:

With fast-changing customer behaviour and expectations, it is essential to regularly revisit and re-engineer customer journeys in order to deliver a delightful customer experience and stay ahead of customer expectations. To this end, we have renewed and re-engineered over 100 Customer and Distributor Journeys in FY 2020-21.

a. **Onboarding Journeys:** We have created significant digital onboarding capabilities across our businesses through end-to-end customer-journey re-engineering. 90% of our customers were onboarded digitally across all our businesses in FY 2020-21, which helped in customer acquisition during the pandemic and reduced turnaround time and cost of acquisition.

b. **Service Journeys:** We have developed digital service journeys on multiple digital platforms including Web, WhatsApp, Chatbot & Voice Bot. Availability of our services on digital channels has increased significantly from 74% in FY 2019-20 to 90% in FY 2020-21. Our WhatsApp Services are the industry's most comprehensive. In FY 2020-21 we have witnessed over 8 million customer service interactions across our businesses.

c. **Renewal & Retention Journeys:** We offer renewal journeys on multiple digital platforms including WhatsApp, Web, App and Audio-Visual Bot across all our Protecting businesses. On these platforms, our Health Insurance business has seen 92% renewals and our Life Insurance business has seen 84% renewals.

d. **Distributor Onboarding and Servicing Journeys:** We undertook end-to-end distributor-journey re-engineering and built significant capabilities across our businesses for onboarding and servicing distributors digitally. In FY 2020-21, 95% of distributors across our businesses were onboarded digitally, increasing onboarding efficiency and reducing turn-around time. We created digital service journeys for distributors on multiple digital platforms including WhatsApp, Web and App. We have developed a portal for our Select Advisors which serves as a one-stop destination for all their needs across businesses and has resources to increase their productivity and efficiency.

2. BUILDING SCALE BY AUTOMATING PROCESSES AND PLATFORMS:

We have made advancements in disciplines like artificial intelligence, process automation and intelligent information management. Our mid-offices and back-offices have been transformed by the implementation of key digital automated processes to run operations with greater automation.

a. **Implementation of Robot Process Automation:** Over 350 Robots are live across businesses in multiple functions including Operations, Customer Service, Finance and Human Resources. We have witnessed a significant reduction in errors and turnaround time.

b. **Implementation of Machine-Learning-based Email Bot:** Across businesses, our Email Bots are attending to over 2 lakh emails per quarter, thus driving high operational efficiencies.

c. **Implementation of Intelligent Optical Character Recognition (OCR):** Across businesses, we have implemented OCR for auto-extraction of data from various sources. We have witnessed an 80% reduction in turnaround time versus manual data entry.

d. **Implementation of Cloud Migration:** Hybrid cloud strategy has been implemented for scalability in applications and systems. Today, over 87% applications are on Public and Private Cloud. This has enabled a higher up-time for our applications.

3. LEVERAGING FINTECH:

India has a flourishing fintech ecosystem and this provides an opportunity to collaborate with fintechs. We have built a network of over 1,400 Fintechs across the globe to identify innovative solutions and collaborate in implementing new technology solutions in order to address business problems with agility and speed. Currently, we are working with over 50 Fintechs in various fields including AI/ML solutions, Voice Technologies, Conversational UI, Digital KYC, Biometrics, Hyper-personalisation and Sales Engagement.

4. DATA AND ANALYTICS:

Data is a key pillar for digital transformation because every interaction in the digital world generates data that provides insights. This insight, based on customer behaviour, guides the business in making the right decisions with inbuilt personalisation. Data Analytics has become a game changer for ABC in several areas and has begun to play a key role the following areas.

a. **Enhancing Customer Experience:** Today, we are using advanced deep-learning algorithms to analyse our customer calls to quickly understand how good or bad our customer's experience has been, thus enabling us to take immediate action to improve the experience.

b. **Driving Acquisition and Upsell:** Analytics is helping businesses better understand customer behaviour, acquire new customers and upsell relevant products to existing customers through pre-approved offers.

c. **Driving Retention:** Our businesses are using analytics to predict the premium paying behaviour of our customers, which helps them reach out to their customers well in advance and thus, reduce probability of policy lapse and surrender.

d. **Helping Mitigate Risk:** Our businesses use analytics to predict early claims as part of its fraud-risk mitigation efforts and also use analytics in other areas to predict and mitigate risks.

e. **Driving Hyper-personalisation:** Our businesses are using advanced analytics in communication to have the right conversation with the right customer at the right time, thus resulting in higher upsell and better retention.

5. ECOSYSTEMS AND PARTNERSHIPS:

Today, we have a robust digital ecosystem across our Protecting, Investing and Financing businesses. Our digital-ecosystem partners include leading Payment Platforms, Travel and Leisure Platforms, E-Commerce Platforms and Financial Services Aggregators. These partnerships are already contributing substantially to our businesses and are expected to grow rapidly in the coming years.

6. OUR PEOPLE AND CULTURE:

Training our people and building a culture of adaptability to constant change has played an important part in our digital transformation journey. 100% of our learning interventions have been delivered virtually over the past few years. This has enabled us to increase the reach of learning beyond the physical classroom and this proved to be very handy during the lockdown phase. Today, we are able to touch over 90% of our workforce through digital learning. Our focus has also been on enabling our workforce to become future-ready by gaining exposure to AI, Machine Learning, Cloud Computing and Robotic Process Automation. We have also digitally enabled our workforce with tools and techniques that they can use to collaborate digitally and work from anywhere. Our emerging leaders who are being prepared for future leadership roles receive planned exposures to tech start-ups, Fintech companies and leading digital businesses. Such initiatives are helping shape our organisation's culture into one that is agile and ready to embrace technology-led change.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OUR MONEY AND HEALTH SOLUTIONS ENABLE PEOPLE TO FULFIL THEIR MONEY NEEDS, THROUGHOUT THEIR LIFE.

PROTECTING Solutions

- Life Insurance
- Health Insurance
- Insurance Advisory
- Multiply Wellness

INVESTING Solutions

- Mutual Funds
- Wealth
- Stocks and Securities
- Portfolio Management Services
- Pension Funds
- Real Estate Investments

FINANCING Solutions

- Home Finance
- Personal Finance
- SME Finance
- Mortgage Finance
- Loan Against Securities
- Corporate Finance
- Debt Capital Market & Loan Syndication
- Asset Reconstruction
- EMI Solutions

Our Scale

↑ 14%
₹20,447 Cr
REVENUE[1]

↑ 22%
₹1,127 Cr
CONSOLIDATED NET PROFIT

↑ 10%
₹3.4 Lakh Cr
TOTAL AUM[2]

↑ 25%
₹11,076 Cr
GROSS TOTAL PREMIUM[3]

↑ 2%
₹60,557 Cr
LENDING BOOK[4]

24 Mn
ACTIVE CUSTOMERS

861
BRANCHES

100+
BANK PARTNERS

22,500+
EMPLOYEES

2 Lakh+
AGENTS AND CHANNEL PARTNERS

1 *Consolidated segment revenue which includes Asset Management and Wellness business. For Ind AS statutory reporting purpose Asset Management and Wellness business are not consolidated and included under equity accounting*

2 *Includes Asset Management, Life Insurance and Health Insurance businesses*

3 *Includes Life Insurance and Health Insurance gross total premium (as per IRDAI reporting)*

4 *Includes NBFC and Housing businesses*

ABC Platform - Our Strengths

DIVERSIFIED platform

Our well-diversified portfolio across lending, insurance, asset management and other services caters to a wide range of customer segments, needs, channels and geographies. In addition to driving sustained growth, this acts as a natural hedge against downcycles in any particular business segment, geography or asset class.

MULTI distribution channel

Our extensive branch network enables us to stay close to our customers. We have strategically invested in our digital capabilities to complement and expand our physical reach, as well as drive efficiency and enhance customer experience. As a result our customers can access us how and when they choose.

OUR people

Our people play a crucial role in our growth. We strive to provide a vibrant and productive work environment that celebrates diversity and promotes social and environmental consciousness. By providing our talent to move across businesses, we create a World of Opportunity for them.

LEVERAGING tech and analytics

At Aditya Birla Capital, we leverage technology to drive resources, reduce costs, improve customer experience and to build a robust platform that supports growth. Our technology is deployed across the platform so the experience and benefits are available to all businesses. Data is critical to enable better decision making and we have invested in data analytics to acquire more customers and improve decision making across functions.

STRONG parentage and brand

Being a part of the Aditya Birla Group, we enjoy a distinct competitive edge by way of brand recall and consideration and leveraging the Group's proven track record in creating long-term stakeholder value.

INTEGRATED risk management

Our focus on governance, risk management and ethical and transparent practices provides a strong culture based on values.

Building scale, retailisation and profitability over time

	Key Metrics (₹ in Crore)	FY17	FY21	Key Achievements
PROTECTING	Total Gross Premium[1]	5,778	11,076	• Overall GWP (LI + HI) Retail Mix at 72% • Doubled protection mix to 6% in Life Insurance • Established fastest growing health insurance company • Distribution tie-up with HDFC Bank for Life and Health Insurance
	LI: Net VNB Margin	(5.5%)	10.6%	
	LI: 13M Persistency	71%	84%	
	LI: EV Growth (Y-o-Y)	5%	24%	
	HI: Combined Ratio	283%	120%	
	Lives Covered (Million)	5.8	21.3	
INVESTING	AMC: Domestic AAUM	1.88 Lakh	2.69 Lakh	• The largest non-bank affiliated AMC in India • SIP as a % of total Equity AUM scaled up from 24% to 43% • Highest folio growth amongst top 5 industry players • Consistent fund performance
	AMC: Equity Mix	24%	36%	
	AMC: Retail + HNI AUM	0.84 Lakh	1.27 Lakh	
	AMC: Investor Folios (Million)	3.9	7.1	
	AMC: PBT bps	19	28	
FINANCING	Total Lending Book[2]	38,839	60,557	• Rebalanced portfolio with focus on granularisation • Scaling up retail and SME • Scaling up affordable housing • Maintained one of industry lowest cost of funds
	Retail + SME (% of Book)[2]	41%	64%	
	NBFC: PPOP	2.9%	3.8%	
	HFC: PPOP	(0.1%)	2.2%	
	Lending Net Worth[2]	5,558	10,357	
OTHER BUSINESSES	GI Broking: Premium	2,580	4,852	• JV with Varde partners to establish ARC; Profitable within 1 year of operation • Strong RoE in General Insurance, & Stock Broking • Optimised portfolio for loss making businesses
	GI Broking: RoE	42%	52%	
	Stock Broking: RoE	17%	40%	
	ARC: PBT	-	37	
	Other Business Total PBT	(10)	130	

[1] *For Life Insurance and Health Insurance businesses* | [2] *Including NBFC and HFC*

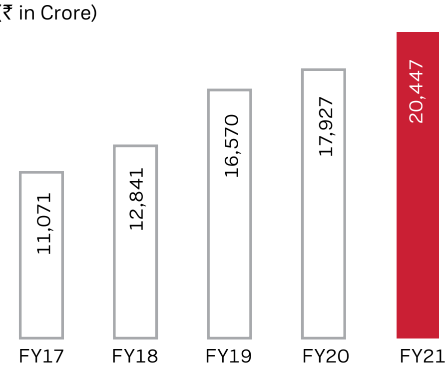
KEY PERFORMANCE INDICATORS

FOCUSING ON SUSTAINABLE CONSISTENT GROWTH

Consolidated

Revenue* 17% ↑

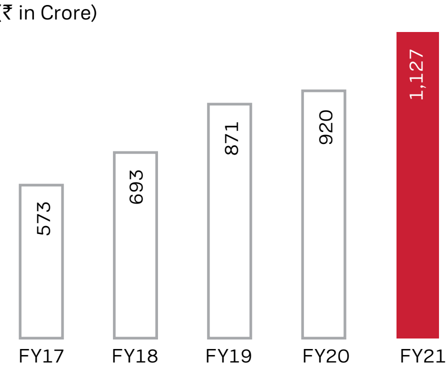
(₹ in Crore)



**Segmental Revenue for FY18, FY19, FY20 and FY21*

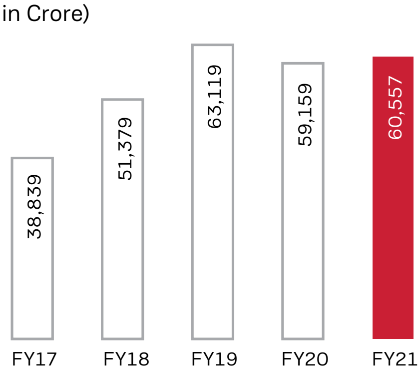
Profit After Tax 18% ↑

(₹ in Crore)



Lending Book^ 12% ↑

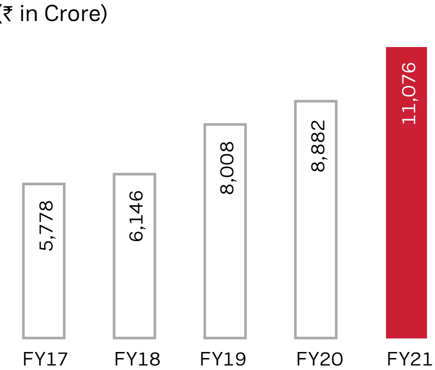
(₹ in Crore)



^ Includes NBFC and Housing businesses

Gross Premium# 18% ↑

(₹ in Crore)



 # Includes life insurance and health insurance gross total premium (as per IRDAI reporting)

CAGR (FY17- FY21)

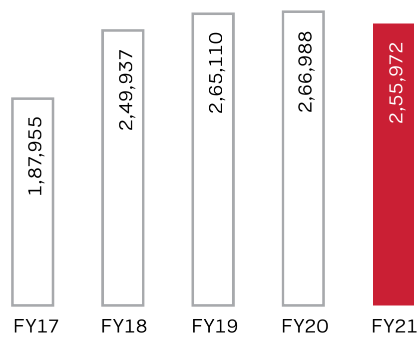
Note: The financials for FY17 are prepared as per Indian GAAP. Aditya Birla Capital Limited has adopted Ind AS effective from 1st April 2018. The financials for FY18 onwards are Ind AS compliant.

Consolidated

Average Assets Under Management*

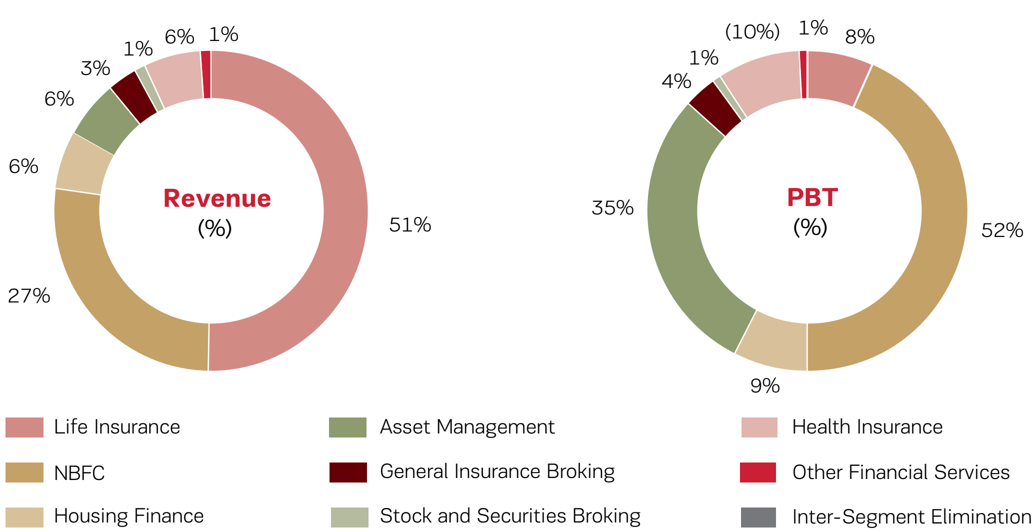
8% ↑

(₹ in Crore)



Average asset under management for AMC business

Segment Revenue and Profit Before Tax

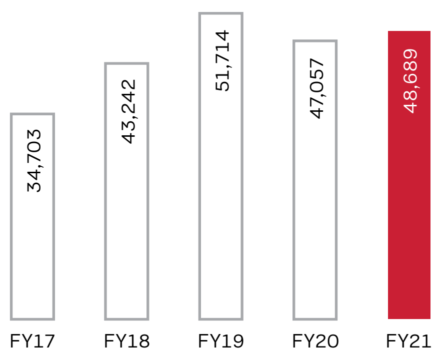


CAGR (FY17- FY21)

Aditya Birla Finance

Lending Book 9% ↑

(₹ in Crore)

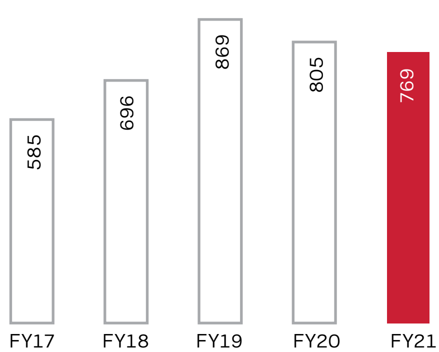


Net Interest Margin

(%)

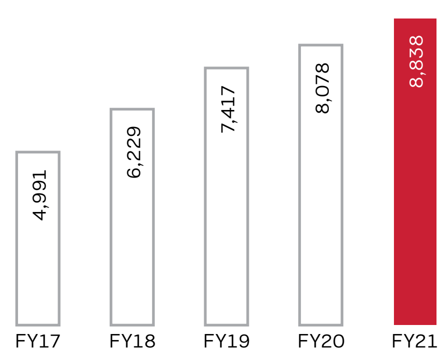
Profit After Tax 7% ↑

(₹ in Crore)



Net Worth 15% ↑

(₹ in Crore)



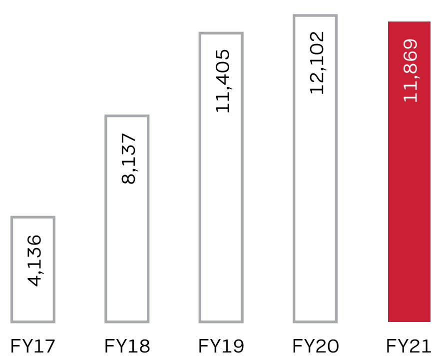
CAGR (FY17- FY21)

Aditya Birla Housing Finance

Lending Book

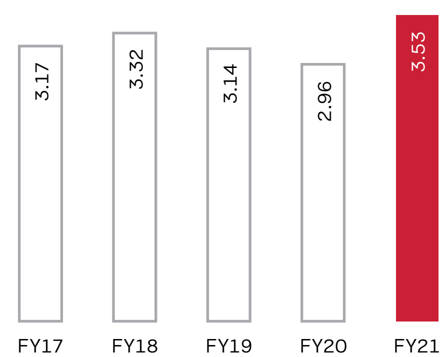
30% ↑

(₹ in Crore)



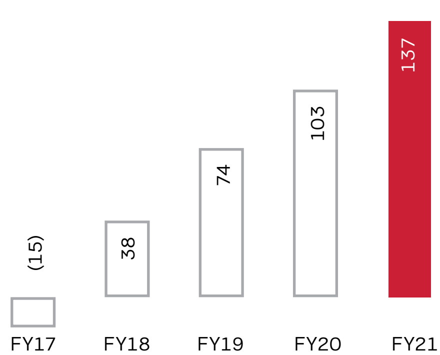
Net Interest Margin

(%)



Profit After Tax

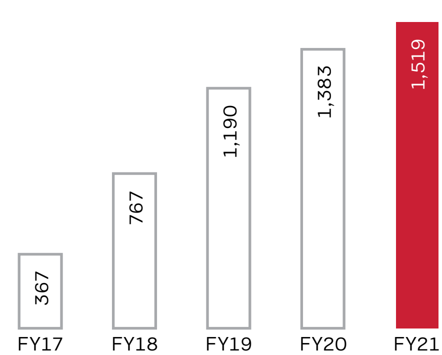
(₹ in Crore)



Net Worth

43% ↑

(₹ in Crore)



CAGR (FY17- FY21)

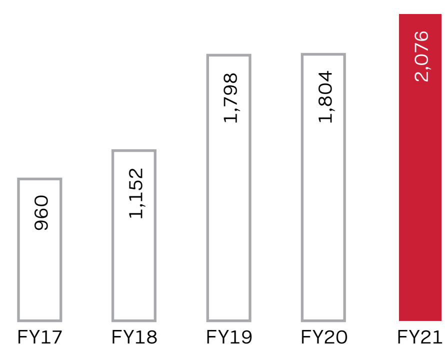
Aditya Birla Sun Life Insurance

Total Gross Premium
14% ↑

(₹ in Crore)

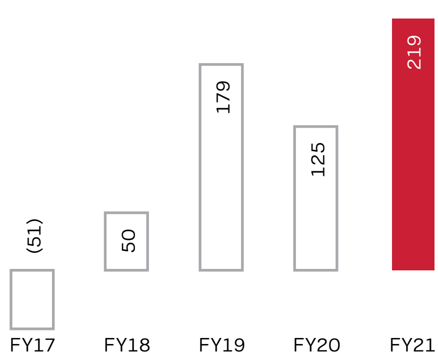
Individual First Year Premium
21% ↑

(₹ in Crore)



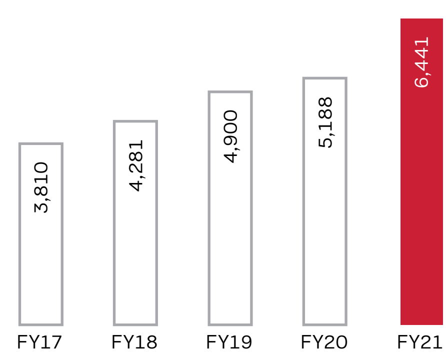
Net VNB

(₹ in Crore)



Embedded Value*
14% ↑

(₹ in Crore)



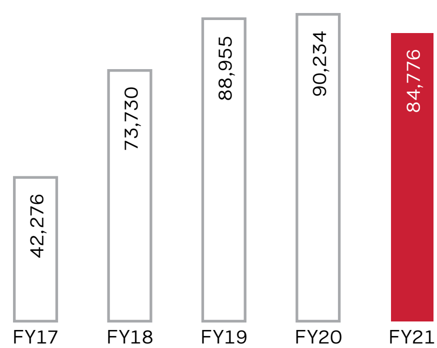
** Market Consistent Embedded Value (MCEV) from FY17*

CAGR (FY17- FY21)

Aditya Birla Sun Life AMC

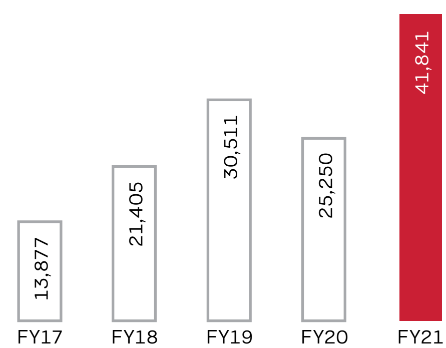
Domestic Equity AAUM 19%↑

(₹ in Crore)



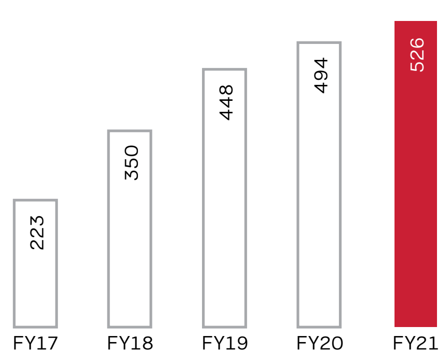
SIP AUM 32%↑

(₹ in Crore)



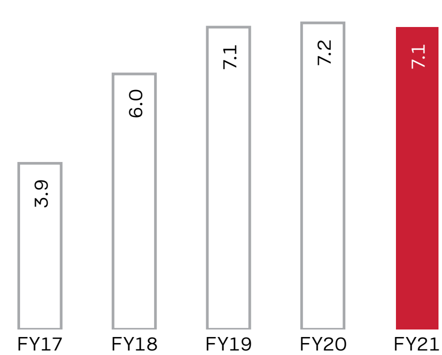
Profit After Tax 24%↑

(₹ in Crore)



Investor Folios 16%↑

(Million)



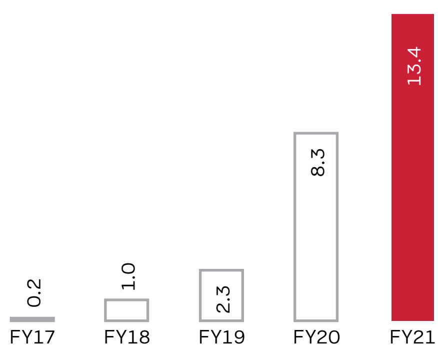
CAGR (FY17- FY21)

Aditya Birla Health Insurance

Lives Covered

185%↑

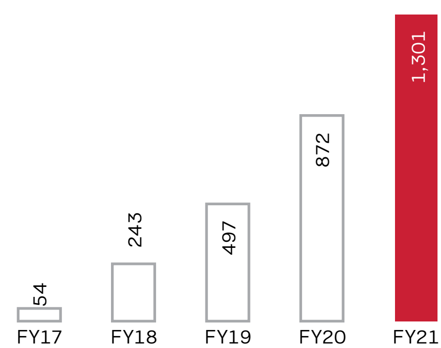
(Million)



Gross Written Premium

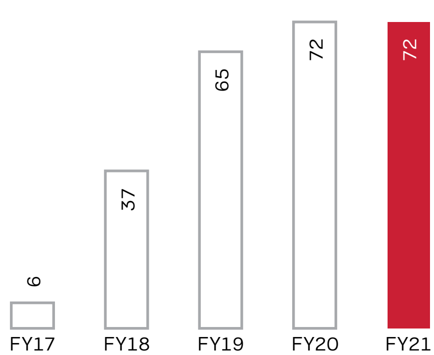
122%↑

(₹ in Crore)



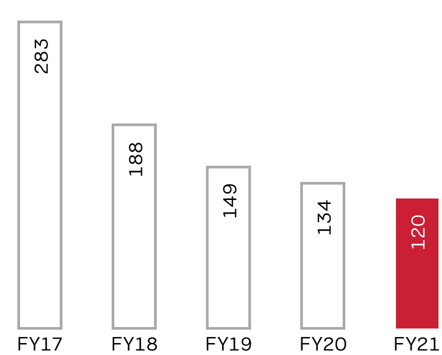
Retail GWP Mix

(%)



Combined Ratio

(%)



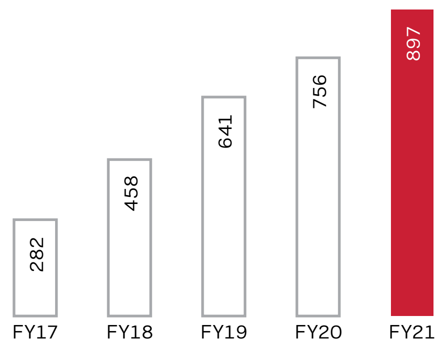
CAGR (FY17- FY21)

Other Financial Services - Aggregate[1]

Revenue

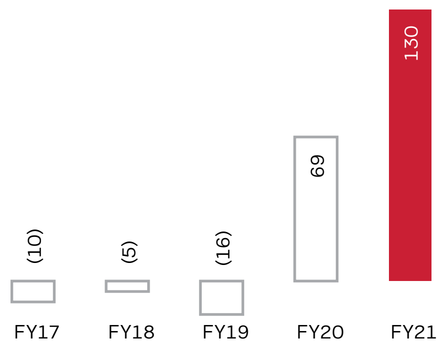
34% ↑

(₹ in Crore)



Profit Before Tax

(₹ in Crore)



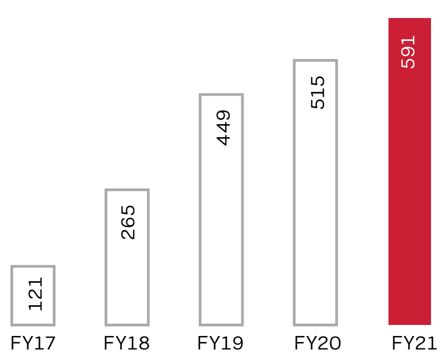
[1] *Includes General Insurance Broking, Stock and Securities Broking, Private Equity, Online Personal Finance and ARC business*

General Insurance Broking

Revenue

49% ↑

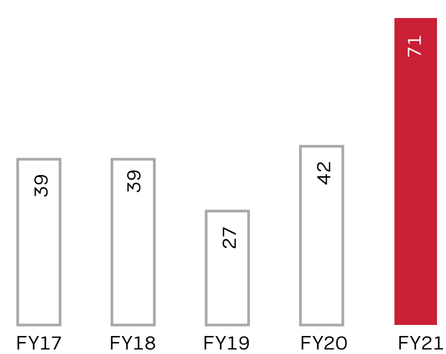
(₹ in Crore)



Profit Before Tax

16% ↑

(₹ in Crore)



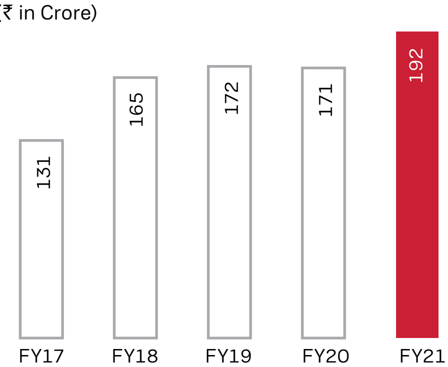
CAGR (FY17- FY21)

Stock and Securities Broking

Revenue

10% ↑

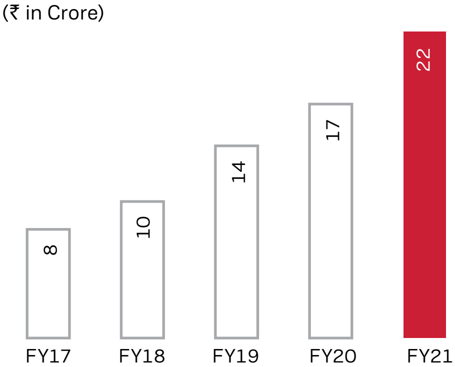
(₹ in Crore)



Profit Before Tax

29% ↑

(₹ in Crore)

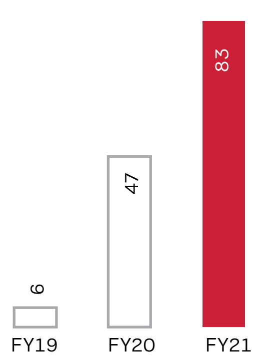


Asset Reconstruction Company Platform*

Revenue

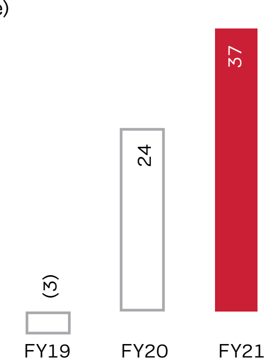
93% ↑

(₹ in Crore)



Profit Before Tax

(₹ in Crore)



** Asset Reconstruction Company business operations started from FY19.*

CAGR (FY17- FY21)

COVID-19 RESPONSE

RESPONDING TO CHALLENGES WITH AGILITY

The coronavirus outbreak in India and the consequent lockdowns imposed to contain its spread impacted our operations. However, we were quick to invoke our BCP, prioritising the health and safety of our people and proactively addressed the operational challenges through efficient cross-functional collaboration.

Measures undertaken during lockdown

Business continuity

A comprehensive business continuity plan was devised and rolled out before COVID-19 was declared a pandemic or had hit the Indian shores. With work from home protocols, systems and tech support in place, ensured that all functions were fully prepared to operate optimally throughout the lockdown.

Technology readiness

- We increased our VPN licenses from 3,000 to 10,000 and enabled VPN access which made it possible for employees to access data on office servers while working from home with controls in place.
- All call centres were moved to the Cloud for better efficiency so they could operate from anywhere using VPN.
- We also doubled our internet bandwidth to ensure all transactions could be processed seamlessly while connecting to our servers.

Employee well-being

More than 800 members in HR from across all locations in which ABC and its subsidiaries operates were trained within 2 days to take on the role of 'Flu Prevention Manager'. Their role was to check in daily with every employees in their areas and report whether the employees in their areas and her/his family was safe and COVID-19 free. These Flu Prevention Managers were also empowered to send people home if they were displaying flu like symptoms and take decisions to shut down a branch in case of an emergency.

We also put in place digital wellness interventions and medical assistance infrastructure for all our employees to ensure that they had access to necessary support systems. A central medical assistance team was activated which provided employees access to online doctor consultation, support to get tested, identify hospitals and ICMR labs and counselling support. Digital yoga, Zumba and other fitness sessions were curated to help employees and their families stay healthy. Initiatives on immunity building, stress management and parenting also supported employees with tips and easy methods to deal with difficult scenarios.

A central helpline with 24/7 access to doctors was provided for all employees and their families. The helpline enabled employees to get medical advice, online prescriptions, admission support for hospitals, health insurance support, access to blood banks, emergency ambulance services, support for COVID-19 testing and multiple other facilities.

Anticipating relaxation of lockdown protocols and the need for employees to start getting back to work, we crafted a business normalisation plan with a phased approach to getting back to offices. Every protocol on sanitisation, hygiene and safety was implemented proactively. Our preparation enabled us to be among the first few within the industry to open up branches across the country.

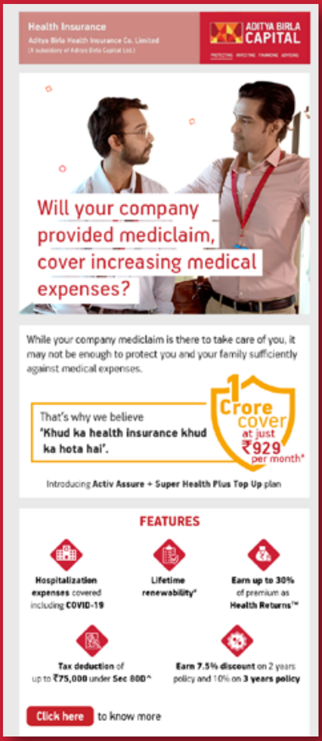
SIMPLIFYING MONEY FOR EVERY INDIVIDUAL THROUGH DIGITAL

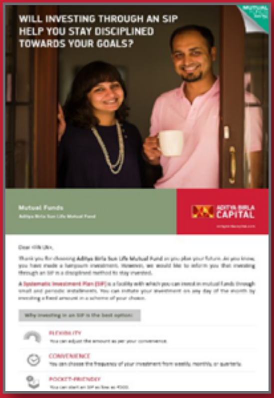
Our purpose is to enable people to live the life they have imagined for themselves by partnering them in all their money decisions, throughout their lives. Anchored in our purpose, our marketing and outreach activities aim to engage customers in meaningful conversations about their short and long-term financial goals and empower them to make the right decision with our diversified financial solutions. We communicate with them throughout the lifecycle of their relationship with us to serve their changing needs and preferences.

With the COVID-19 outbreak and extended lockdowns due to the pandemic, digital screens became the customers' primary window to the world. Being fully aware of this, we enhanced our digital marketing and customer outreach initiatives. Whether to bring the right health and money advise into their homes, or to make it easy and convenient for them to plan and manage their money or to service their needs 24x7 – we connected with customers with a single-minded objective of helping them achieve their financial goals digitally.

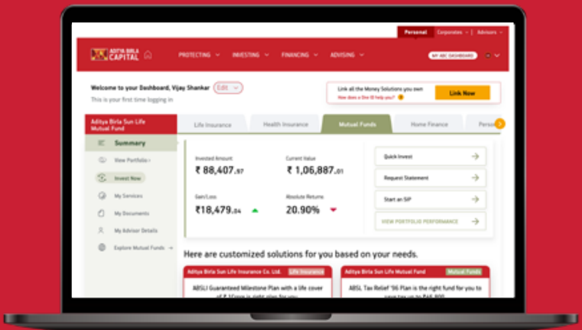
ENABLING PEOPLE TO PLAN THEIR MONEY AND MEET THEIR LIFE GOALS

PARTNERING AT ALL LIFESTAGES





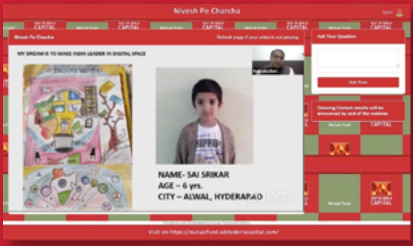
PROVIDING ACCESS TO ALL MONEY NEEDS IN ONE PLACE



SERVICING CUSTOMERS 24X7

WhatsApp Web App IVR

ADVISING ON THE RIGHT HEALTH AND MONEY SOLUTIONS



CORPORATE GOVERNANCE

OPERATING WITH INTEGRITY

ABCL is committed to continuously adopt and adhere to the best governance practices, ensuring we remain a value-driven organisation and develop a corporate culture that recognises and rewards adherence to ethical standards and good governance practices with adequate disclosure and transparency.

Our Governance Philosophy

We are firmly committed to sound & effective practices in corporate governance and full & fair disclosure. The Board of Directors and Senior Management conduct themselves so as to ensure transparency and foster a culture of good decision-making. At a macro level, the Company's governance philosophy rests on the following key principles while ensuring compliance with applicable laws:

- **Board accountability towards all its stakeholders**
- **Strategic guidance and effective monitoring by the Board**
- **Protection of minority interests and rights**
- **Equitable treatment of all stakeholders and**
- **Transparency and timely disclosures**

Our approach

Acting responsibly is an integral part of our culture. We are committed to maintaining high standards of business ethics and integrity, as demonstrated through our corporate governance practices that balance the interests of all stakeholders.

Governance Framework

- Effective and Independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees.
- The Board functions either as a full Board or through various Committees constituted to oversee specific functions.
- The Senior Management provides the Board and Committees detailed reports and updates the status of Company's performance, key regulatory developments and adherence to Compliance periodically.
- CEO of the Company presents the performance of the Company and its Subsidiaries and material developments on a quarterly basis and seeks direction and feedback on the operating metrics.
- Ensuring the integrity of accounting and financial reporting systems, including independent audit.

Board of Directors

Role of the Board

The Board of Directors has the overall responsibility to guide the organisation and provide strategic direction. The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture and ensuring that an appropriate risk management framework is in place.

Expertise

The diverse and determined leadership and expertise in the Board continues to steer the Company. The Board as a whole possess relevant skills and experience with core expertise in key functional areas.

Fit and Proper Criteria

The Board has implemented process of due diligence for ascertaining 'fit & proper criteria' at the time of appointment/renewal of appointment of Directors on the Board to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity etc.

Code and Standards

We are committed to acting with transparency, ethics and integrity in all our business activities as it is vital to build the trust with our stakeholders as well as sustaining our growth and expansion. We know that these principles need to be embedded in the culture of the Company to fulfil our commitment to function with integrity.

Code of Conduct

The Company has adopted a Code of Conduct for the Board Members and Senior Management personnel of the Company. Annual confirmation is obtained for compliance with the Code. The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

Conflict of Interest

Adequate systems, policies and procedures have been established to address potential conflicts of interest and compliance. The Board reviews key transactions, disclosure of any conflicts of interest to manage and control such issues. Also, the Board of Directors have formulated a Policy on Related Party Transactions which is reviewed periodically. All related party transactions are approved by the Audit Committee and disclosed in the financial statement. No material transaction has been entered into by the Company with its related parties that may have a potential conflict of interest of the Company.

The Senior Management personnel of the Company have made disclosure to the Board confirming that there are no material transactions between them and the Company that could have potential conflict of interest with the Company at large.

Compliance

The Company's robust Enterprise Risk Management and Internal Audit approach verifies compliance with the regulatory, operational and system related procedures and controls and reports to the Audit Committee of the Board which are also reviewed by Board. Policies and procedures have been put in place for establishing channels for encouraging and facilitating employees raising concerns or reporting a possible breach of law or regulations, with appropriate measures to protect whistle blowers.

100%
BOARD IS NON-EXECUTIVE

50%
BOARD IS INDEPENDENT

100%
BOARD EXPERIENCE > 30 YEARS

Board Committees

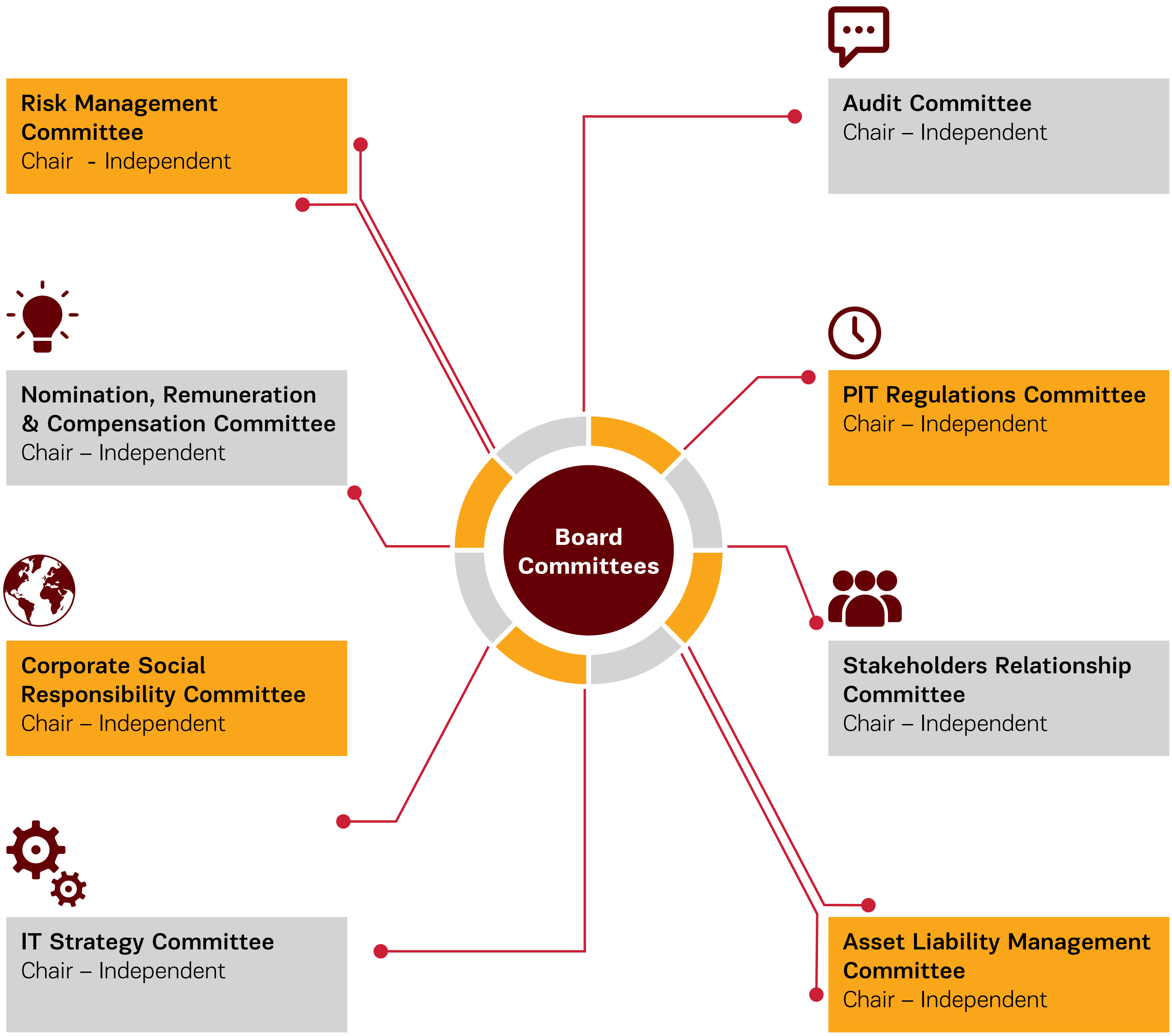
The Board has set up various Committees by delegating the overall monitoring responsibilities, laying down the roles and responsibilities of these Committees with well documented Charters defining its constitution, terms of reference, quorum requirements etc.

All the Committees are Chaired by Independent Directors. Chairperson of Audit Committee and Chairperson of Risk Management Committee are different. 75% of the members of Audit Committee are Independent Directors.

The Chairperson of the respective Committees reports to the Board and apprises the Board about key proceedings and decisions taken by the Committees then working under the supervision of the Board.

The key committees that assist the Board:

- Audit Committee
- Risk Management Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholders' Relationship Committee
- Asset-Liability Management Committee
- Corporate Social Responsibility Committee
- PIT Regulations Committee
- IT Strategy Committee


Board Committees
Risk Management Committee
Chair - Independent
Audit Committee
Chair – Independent
Nomination, Remuneration & Compensation Committee
Chair – Independent
PIT Regulations Committee
Chair – Independent
Corporate Social Responsibility Committee
Chair – Independent
Stakeholders Relationship Committee
Chair – Independent
IT Strategy Committee
Chair – Independent
Asset Liability Management Committee
Chair – Independent

BOARD OF DIRECTORS

Mr. Kumar Mangalam Birla
Chairman and Non-Executive Director

Dr. Santrupt Misra
Non-Executive Director
M M M M M M

Mr. P. H. Ravikumar
Independent Director
C C M M

Mr. S. C. Bhargava
Independent Director
M M M M

Ⓜ Member Ⓒ Chairperson ● IT Strategy Committee ● Audit Committee ● Nomination, Remuneration and Compensation Committee ● Risk Management Committee

Mr. Sushil Agarwal

Non-Executive Director

M M M M

Mr. Arun Adhikari

Independent Director

C C C

Mrs. Vijayalakshmi Iyer

Independent Director

C C C M

Mr. Romesh Sobti

Non-Executive Director (Nominee)

M

Stakeholders Relationship Committee

Corporate Social Responsibility Committee

Asset-Liability Management Committee

PIT Regulations Committee

LEADERSHIP TEAM

Mr. Ajay Srinivasan
Chief Executive, Aditya Birla Capital Limited

Mr. Rakesh Singh
Managing Director and CEO, Aditya Birla Finance Limited

Mr. A Balasubramanian
Managing Director and CEO, Aditya Birla Sun Life AMC Limited

Mrs. Pinky Mehta
Chief Financial Officer, Aditya Birla Capital Limited

Mr. A. Dhananjaya
Chief Compliance and Risk Officer, Aditya Birla Capital Limited

Mr. Kamlesh Rao
Managing Director and CEO, Aditya Birla Sun Life Insurance Company Limited

Mr. Tushar Shah
CEO-Infrastructure & Structured Finance, Aditya Birla Finance Limited

Mr. Mayank Bathwal
CEO, Aditya Birla Health Insurance Co. Limited

Dr. Sandeep Dadia
CEO and Principal Officer, Aditya Birla Insurance Brokers Limited

Mr. Mukesh Malik
Chief Operating Officer, Aditya Birla Capital Limited

Mr. Ajay Kakar
Chief Marketing Officer, Aditya Birla Capital Limited

Mr. Pramo Selvaratnam
President, Strategy and Business Development, Aditya Birla Capital Limited

Mr. Subhro Bhaduri
Chief Human Resources Officer, Aditya Birla Capital Limited

EMPOWERED HUMAN ASSETS

BUILDING A CULTURE OF EXCELLENCE

We believe that meaning at work is created when people relate to the purpose of the organisation, feel connected to their leaders and have a sense of belonging. Our focus remains on providing our people a work environment that nurtures diversity, build relationships and provides challenging work assignments with ample scope to use their skills and abilities and deserving opportunities based on meritocracy to grow and build their careers with us in line with their aspirations.

22,500+
EMPLOYEE STRENGTH AS ON 31st MARCH 2021

71%
MILLENNIAL EMPLOYEES

27%
WOMEN EMPLOYEES

Talent management

Our philosophy of building leaders from within continues to guide our actions towards identifying, developing and nurturing talent. With greater emphasis on futuristic thinking, digital mindset and customer-first approach, we have made some shifts towards developing our people for the future of financial services.

100%

TALENT POOL COVERED IN VARIOUS DEVELOPMENT PROGRAMMES

82%+

LEADERSHIP REQUIREMENTS FULFILLED INTERNALLY

~500

EMPLOYEES ACROSS LEVELS HAVE MOVED INTO NEW OR LARGER ROLES OVER LAST 2 YEARS

Employee wellness and engagement

The health and wellbeing of our people have always been top priority for us at Aditya Birla Capital. During COVID-19, we put in place robust processes for employee safety and support with 800 Flu Prevention Managers trained on safety protocols and assigned to check-in with employees and their families at regular intervals and supporting them when needed.

Availability of medical infrastructure and support systems were a huge challenge in the initial days of the pandemic and we devised a comprehensive support mechanism through which our employees were provided at home testing support, on call doctor assistance, hospitalisation support etc.

We also recognised the need to augment our efforts towards maintaining positivity in our workforce and keeping them engaged. Through internal social networks, leadership connect and digital events, we focused on sustaining emotional connect and camaraderie at ABC.

Learning and development

At Aditya Birla Capital, our philosophy is to provide every employee with continuous opportunities to learn and grow.

We build relevant content and ensured virtual facilitation on the organisation's digital assets thereby transitioning to 100% digital.

Our AI-enabled learning app gives employees easy access to super personalised content that meets their unique individual requirements. We host 16,000 relevant courses, videos and webinars on Gyanodaya Virtual Campus (GVC).

Additionally, with 3,000+ e-learning courses and 19K+ video-based modules, 300 micro-learning modules, our employees have the flexibility to learn anytime and from anywhere. While self-paced learning is available 24x7x365, one can also attend live virtual instructor led sessions through our in-house corporate university - ABC University. It creates and delivers need based learning solutions on behaviour, sales effectiveness, functional & leadership development.

During this crucial year, initiatives were taken to enable cross-selling opportunities by launching Aditya Birla Capital University Virtual Assistant – a WhatsApp-based, employee facing AI Chatbot with the primary objective to create multi-product awareness among employees across different lines of businesses.

16,000

COURSES, VIDEOS AND WEBINARS HOSTED ON GVC

3,000+

E-LEARNING COURSES

CORPORATE SOCIAL RESPONSIBILITY

SUPPORTING SOCIAL CAUSES

As a Group, we strongly believe in supporting and caring for underserved communities as part of our organisational DNA. We see our role as being the custodian of societal trust. This entails going beyond business priorities and working for underserved communities and ushering in a meaningful difference to their lives. Community empowerment is also integral to our broader sustainability agenda. As a member of the Aditya Birla Group, we believe in directing resources to provide practical support and help people improve their lives.

The CSR work is carried out under the aegis of 'The Aditya Birla Centre for Community Initiatives and Rural Development', with Mrs. Rajashree Birla as the Chairperson. This centre, along with Aditya Birla Capital Foundation, provides strategic direction, thrust areas for our work and oversight on our CSR initiatives. All the CSR contributing companies of Aditya Birla Capital are members of the Aditya Birla Capital Foundation.

Our community engagement in our four focus areas viz. education, healthcare, women empowerment and sustainable livelihood and sports have been linked with the United Nations Sustainable Development Goals. During the year, our CSR footprint expanded to 13 states. Our initiatives in the areas of healthcare, education, women empowerment and sustainable livelihoods and sports have benefitted close to 2.56 Lakh people across the country.

35
NGO PARTNERS

2.56 Lakh
LIVES IMPACTED

36
PROJECTS IMPLEMENTED

Our project highlights in the different domains:

Healthcare

In an extensive programme on mother and childcare, we have evolved a model that addresses immediate and midcourse needs. It comprises of pre-natal, post-natal, immunisation and nutritional support in Tamil Nadu, Odisha, Chhattisgarh, Maharashtra and Rajasthan. Over 25,000 expecting mothers and mothers of children under two years of age have been the beneficiaries.

- In 25 Primary Healthcare Centres (PHC), we have modernised the labour rooms for better delivery outcomes. Our PHC, which our NGO partner, is running along with 5 sub-centers renders laudable service. Through these endeavours 49,000 patients in Rajasthan have been cared for.
- A fully equipped operation theatre has been set up in Madurai, Tamil Nadu and forms part of community hospital. Annually 600 surgeries are performed for the underprivileged.
- The Cancer Care project in UP and Maharashtra tended to 1,508 cancer afflicted children, with chemotherapy and other lines of treatment at hospitals.
- To stem possible cervical cancer among young girls, we have enabled the administration of the HPV vaccine (Human papillomavirus) to 4,000 girls so far. Furthermore, 18 children with congenital heart problems were surgically treated.

1,508
CHILDREN SUPPORTED THROUGH CANCER CARE PROJECT

49,000
PATIENTS IN RAJASTHAN TAKEN CARE THROUGH PHC

4,000
GIRLS PROVIDED HPV VACCINE

Education

To focus on inclusive education for children with special needs, an Inclusive Child Resource Centre (a single window delivery station for all needs of special child) has been set up in Bhubaneswar, Odisha. Over 362 children have been enlisted.

In Uttar Pradesh, we are engaged with 43 government schools, motivating 6,300 students with better facilities. Infrastructure development at these schools was given a boost. Digital classrooms, library services, solar panels and decent sanitation has been provided.

Likewise in Bihar, we refurbished 25 anganwadi centres and 11 primary schools. Additionally, we focused on the capacity building of facilitators and Anganwadi Sewikas. In over 3,625 children, we sparked the desire for learning. Likewise, in the NCR region through our involvement with 17 schools, we enthused 7,227 children to learn.

Our scholarships to 119 girls to pursue professional courses in engineering, nursing and pharmacy, gives them the opportunity to build a promising future.

43
GOVERNMENT SCHOOLS SUPPORTED IN UP FOR INFRASTRUCTURE DEVELOPMENT

7,227
CHILDREN BENEFITTED THROUGH DIGITAL INFRASTRUCTURE AND LEARNING DEVELOPMENT

119
GIRLS PROVIDED WITH SCHOLARSHIPS TO PURSUE PROFESSIONAL COURSES

Sustainable Livelihood & Women Empowerment

Water positivity is one of the most important tasks before us. Water is the lifeline for agriculture. Farm-based interventions, farmer training programmes, farmer producer groups, improved agriculture techniques and animal husbandry management, take us close to the goal of sustainable agriculture.

In Rajasthan 5.40 Lakh Cubic Metres of water harvest potential has been created through the construction of 131 water harvesting structures. Alongside in 1602.96 hectares of land, we have been able to drill water recharge through soil conservation practices, benefiting 3,052 farmers. We have encouraged them to move towards organic manure, biofertilizers, vermicomposting and opting for quality seeds.

In Madhya Pradesh through our interface with 16,000 farm households, we floated measures that ensured food sufficiency round the year. In this context, 6,166 families saw their annual income spike to over ₹60,000.

In Karnataka, we encouraged 3,070 women from the interiors to grasp the nuances of formal banking and entrepreneurship. The formation and bolstering of 240 self-help groups is the project driver.

Through our intervention in the tribal belts of Jharkhand and Chhattisgarh, 11,301 women have been backed to improve lac making as well as their livestock-based value chain. Progressive capacity building towards market linkages and scientific ways of ramping production have affected them in a positive way.

16,000
HOUSEHOLDS BENEFITTED BY FARM-BASED LIVELIHOOD INTERVENTION IN MP

3,052
FARMERS ENRICHED THROUGH SOIL CONSERVATION PRACTICES IN RAJASTHAN

3,070
WOMEN TRAINED FOR BANKING AND ENTREPRENEURSHIP

Sports

To encourage sports, we have aligned with the 'Rahul Dravid Sports Mentorship Program' to spawn and mentor talent that can rise to national and international levels. Up until now, with our support, 25 athletes have participated at national and international levels. These athletes have won 99 medals at national and international level. 6 athletes of this programme have secured a place in the upcoming Tokyo Olympics.

6
ATHLETES SECURED A PLACE IN THE UPCOMING TOKYO OLYMPICS

ENVIRONMENT

OUR COMMITMENT TO THE PLANET

Our sustainability strategy focuses on environmental responsibility, climate protection and ensuring the protection of our planet's resources. The environment has a direct impact on the health and well-being of our customers, our employees and our communities. It is therefore important that we strive to mitigate our own impact and where possible, influence positive environmental practices.

Reduce plastic production and consumption

Reducing plastic

To minimise plastic waste in its daily operations, ABCL and its subsidiaries has reduced the use of disposable mineral plastic water bottles and plastic waster dispenser jars, replacing them with glass water bottles and installing RO machines in place of plastic water dispenser jars.

Waste management

In any industry, effective waste management and minimisation should be a priority. Our strategy aims to reduce the amount of waste we generate and ensure that what we do produce is reused or recycled – whether for the same purpose or for a secondary use.

ABCL has tied up with ViaGreen for waste management and recycling initiatives. ViaGreen acts as an intermediary between corporate waste management initiatives and local/small waste collectors (scrap dealers)/waste business owners. In exchange for waste collected, ViaGreen awards points (Swachh Bharat Points - SBP) which can be exchanged for environment friendly office stationery made of recycled materials, contribution towards charitable causes and tree plantation drives, or cash. In FY 2020-21, ABCL and its subsidiaries earned 62,350 SBP (ViaGreen assessment), which was used for providing employees with recycled office stationery. In addition, the Company and its subsidiaries have procedures for the disposal of e-waste in accordance with the applicable laws.

5,183 kg
DRY WASTE RECYCLED

16.2 $MtCo_2$
GHG EMISSION AVOIDED

Waste collected and recycled (kg)

	Paper	Cardboard	Plastic	Metal	Glass	Total
FY21	1,666	2,358	617	378	164	5,183
FY20	23,370	4,540	320	500	11	29,700

Segregation via green recycles

Reject

- Wrap all in newspaper
- Sanitary waste
- Medicines
- Sharp items

Wet

- Fruit/ vegetable peels
- Food leftovers
- Tissue papers
- Kitchen waste

Dry

- Paper waste
- Empty cans, boxes
- Plastic, metal
- E-waste

Water management

With climate change increasingly causing environmental degradation, India is facing a crisis of availability of freshwater. Water conservation is essential to combating the depletion of this precious resource. The availability of fresh water is a growing challenge in some parts of the world. We carefully manage our water use and discharges.

Installation of APGC sensors

Auto Power Generated and Conserved System (APGC) has been installed in urinals replacing old battery-powered sensors. APGC is an innovative solution where the power required to operate an automatic urinal flushing system is auto generated by the flushing system itself. Hence doing away with old battery powered sensors is helping save heavy battery consumption as well as external electric power consumption. APGC conserves power through advanced micro-chip technology that enables the system to function 24x7 with continuous and steady power supply. This also helps save water and power into urinals for touch-free and hygienic flushing. We are in the process of obtaining the green certification for the system.

WASH Pledge

ABCL and its subsidiaries participates in the World Business Council for Sustainable Development's (WBCSD) WASH Pledge, which ensures that all employees have access to safe water, sanitation and hygiene at the workplace.

1.92 (96%)

WASH PLEDGE SELF-ASSESSMENT COMPLIANCE SCORE

Energy conservation and emission management

Our two-pronged approach for energy efficiency involves promoting behavioural changes among associates by encouraging them to save energy and smart management of lighting, heating and cooling requirements. Initiatives to integrate energy efficiency into overall operations are undertaken through design considerations and operational practices.

Most of our offices are installed with LED lights, making them energy efficient. Further, we also successfully installed our first rooftop solar panel at one of our Bengaluru offices and will be taking up similar renewable energy installations in other office buildings in the future.

ABCL and its subsidiaries is reducing its year-on-year emissions by increasing its renewable energy portfolio and by implementing energy efficiency projects. To reduce our consumption of energy sourced from fossil fuels, we are planning to increase the share of renewable energy by installing several rooftop solar panels across several offices.

Co_2 emission trends

Total KWH (Apr 2020-Mar 2021)	Co_2 emission kg (2019-20)	Co_2 emission kg (2020-21)	Co_2 emission tonnes (2019-20)	Co_2 emission tonnes (2020-21)
25,06,885	25,55,098	17,76,586 ↓	2,817	1,959 ↓

Observation: In FY 2020-21, Co_2 emission got decreased by ~30% as compared to FY 2019-20

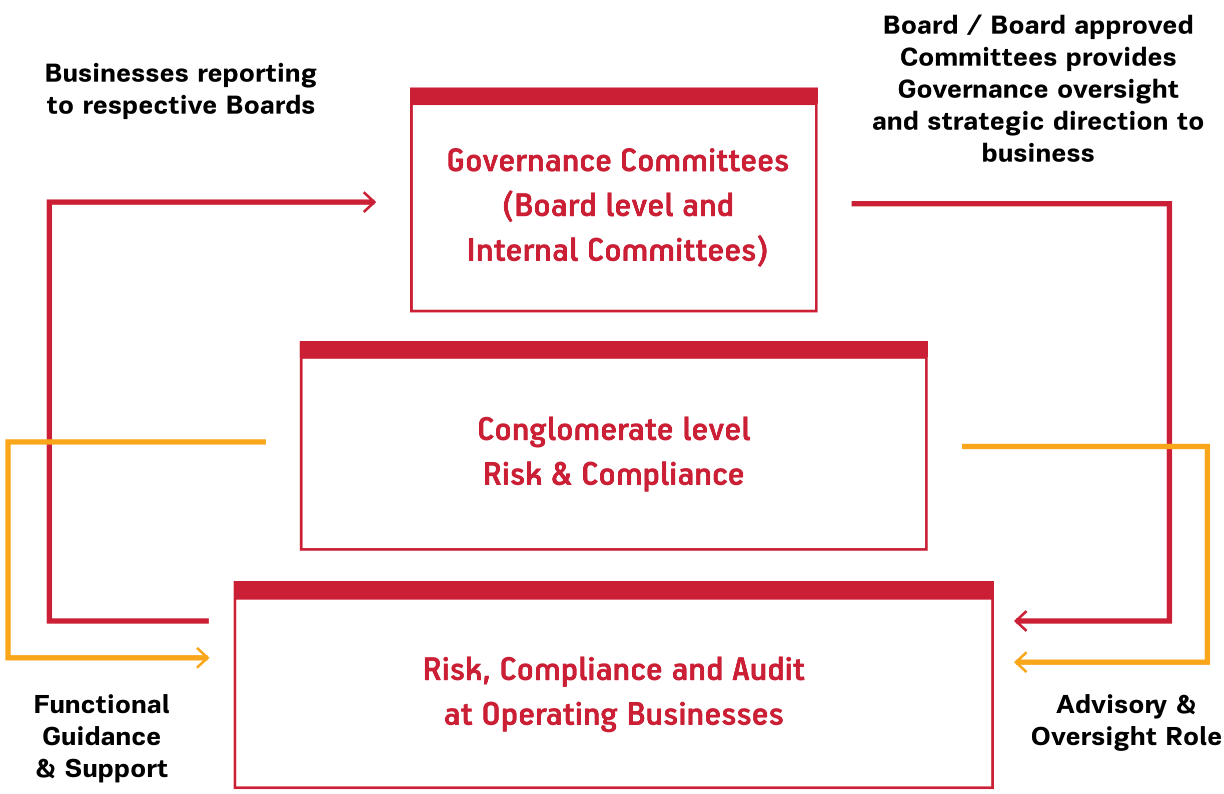
Solar Panel

The solar panels installed at Pune location has a capacity of 22 KW, generating 29,000 units power in the 1st year. Similarly, the solar panels installed at Bangalore office has a capacity of 12 KW, generating 18,000 units power in the first year.

RISK MANAGEMENT

MANAGING AND MITIGATING EVOLVING CHALLENGES

Risk management is critical in our businesses and hence ingrained in our thinking and actions. Effective risk management strategies allow us to identify risks and opportunities, thereby helping us to mitigate risks while executing our business strategies. Delivering the optimum risk-returns trade-off is the goal.



Our risk management approach is aimed at achieving the following:

- Enable Group-level oversight and monitoring
- Provide an integrated view of risk
- Facilitate better strategic decision-making by identifying risk-returns trade-off
- Application of data-based analytics and automation for rule-based risk controls for problem solving and risk governance
- Ensure known risks are mitigated through checks and balances

Our risk management approach

Pandemic Risk

BUSINESS CONTINUITY

- Critical process mapping and recovery time objectives defined
- Customer facing processes and regulatory requirements prioritised
- Digitisation of origination, transaction processing and customer servicing
- Full blown Pandemic Plan, holding us in good stead in second wave also
- Work from home strategy with secure access
- Business normalisation plan after ensuring workplace safety

Sourcing and Underwriting

UNDERWRITING

- Lending: Committee-based approach with focus on rigorous credit appraisal and cash flows analysis
- Life and Health Insurance: Effective Reinsurance Programme
    - Insuretech technology platform backed up by predictive data analytics
    - Fraud Bureau Alerts
    - Propensity AI/ML model
    - Wellness platform and wearable device technology for active health management.

PRODUCT PROGRAMME BASED

- Lending to Small and Medium Enterprises (SMEs), Retail and Digital lending using robust programmes, systems and analytics
- Enhanced use of behavioural scorecards and data analytics for customer selection

Exposure Management

GROUP LEVEL EXPOSURE MANAGEMENT

- Aggregate exposure limit set for borrower and group, monitored continuously
- Exposure concentration across borrowers and groups are managed through defined exposure risk appetite and risk tiering

Event-based and Regular Stress Testing

SCENARIO AND EVENT-BASED STRESS TESTING OF PORTFOLIO

Sector developments and event-based impact review through financial stress modelling

LIQUIDITY MANAGEMENT

Continuous oversight on ALM and liquidity ensuring diversification and adequate liquidity management

Dimension   Approach

Continuous Monitoring to Ensure Asset Quality

LIFECYLE MONITORING OF EXPOSURES

Automation of identified triggers for key exposures to monitor early warning signals

EARLY WARNING TRIGGERS

- Alert mechanism to identify signs of incipient stress
- Adoption of AI-based early warning system in lending business for enhancing portfolio monitoring approach

Information Security and Cyber Risks

CONTINUE TO ADOPT BEST PRACTICES

- Standardised manner to mitigate these risks is adopted and it continues to be closely monitored at the Group level with a quick response team in place
- Strengthening the data protection environment to enable work from home and mitigate new cyber threats arising from remote working scenario

Sales Conduct Risk

SALES AND PRODUCT TRAINING

- Verification checks at onboarding stage
- Alert monitoring and checks
- Code of conduct and whistle blowing governance framework

Legal and Compliance Risks

CONTINUE TO ADOPT BEST PRACTICES

Zero-tolerance approach to non compliance across every subsidiary, all compliances regularly tracked

Operational Risks

PROACTIVE APPROACH

- Early identification of operational risks and building an effective control framework to minimise frauds and operational losses
- Data-driven approach to proactively identify operational risks. Drive automation in processes and build automated controls in new systems being implemented

MANAGING FRAUD WASTE AND ABUSE IN HEALTH INSURANCE

- System triggers to manage claim incidence rate and to optimise average claims cost
- Institutionalised ML-based fraud-detection model
- Multi-factor model in real time to predict the likelihood of fraud

PRODUCT RISK

- Comprehensive Product Risk Assessment Pre-launch
- ALM framework driven investment strategy and hedging mechanism

Dimension   Approach

AWARDS AND RECOGNITIONS

RECOGNITION FOR EXCELLENCE

Key awards

Brand of the Year

Indian Content Marketing Awards (ICMA) 2020

Top 25 Innovative Companies in India 2020

CII Industrial Innovation Awards, 2020

Other awards

Corporate Social Responsibility

- Aditya Birla Sun Life Insurance (ABSLI) won the CSR award at the prestigious FICCI Insurance Industry Awards 2020 for the project dedicated to 'maternal and child healthcare', in Tamil Nadu and Orissa
- Aditya Birla Finance Limited (ABFL) won the CSR Times Award 2020 for transforming underperforming primary health centers and sub-centers through a Public Private Partnership model, in Rajasthan

Human Resources

- Recognised amongst the top 25 dream employers across India's Top B School Campuses. We were ranked 18th amongst all Indian companies and 3rd within the BFSI sector in the December 2020 survey conducted by insideiim.com

HR L&D Excellence Award

Business World HR L&D Excellence Awards, 2020

FICCI CSR Award 2020

For Project Saksham aimed at holistic inclusive model for differently abled

Brand Fund House for Investor Education

Asia Asset Management Best of the Best Awards, 2020

Customer Service Provider of the Year

5th Annual Insurance India Award, 2020

Corporate Excellence

Asia Pacific Enterprise Awards (APEA) 2020

Excellence in BFSI

71st SKOCH Awards Ceremony, 2021 (Platinum category)

Marketing

- Won Marketer of the Year at the MMA SMARTIES Awards. We also won the prestigious Best in Show Award for our Innovative and interactive retirement campaign
- Aditya Birla Sun Life Asset Management Company's (ABSLAMC) #WoMoneyKiBaat campaign bagged the Grant Thornton LLP SABERA Awards 2020. It won the recognition in the Gender Equality category for creating financial awareness amongst women
- Aditya Birla Health Insurance's (ABHI) 'Rakho Poora Khayaal' campaign won 'Best Marketing Initiative of the Year' at the ETBFSI Awards
- ABHI won two awards at the 11th India Digital Awards in February 2021. It won the Excellence in Insurance Award for its digital campaigns and also won a Silver for Best Use of Facebook for its Health from Home campaign
- ABHI also won the Best Campaign of the Year in the BFSI category for its overall marketing efforts at the ET Brand Disruption Awards'21 in March 2021

CORPORATE INFORMATION

Details of Committees

Audit
Mrs. Vijayalakshmi Iyer (Chairperson)
Mr. P. H. Ravikumar
Mr. S. C. Bhargava
Mr. Sushil Agarwal

Nomination, Remuneration and Compensation
Mr. Arun Adhikari (Chairperson)
Mr. S. C. Bhargava
Mr. Sushil Agarwal
Dr. Santrupt Misra

Corporate Social Responsibility
Mr. Arun Adhikari (Chairperson)
Mr. S. C. Bhargava
Mr. P. H. Ravikumar
Dr. Santrupt Misra

Stakeholders Relationship
Mrs. Vijayalakshmi Iyer (Chairperson)
Mr. Sushil Agarwal
Dr. Santrupt Misra

Asset-Liability Management
Mr. P. H. Ravikumar (Chairperson)
Dr. Santrupt Misra
Mr. Sushil Agarwal
Mr. Ajay Srinivasan
Mr. A. Dhananjaya
Mrs. Pinky Mehta

Risk Management
Mr. Arun Adhikari (Chairperson)
Mr. Romesh Sobti
Dr. Santrupt Misra

PIT Regulations
Mrs. Vijayalakshmi Iyer (Chairperson)
Mr. S. C. Bhargava
Dr. Santrupt Misra
Mr. Ajay Srinivasan
Mrs. Pinky Mehta

IT Strategy
Mr. P. H. Ravikumar (Chairperson)
Mrs. Vijayalakshmi Iyer
Mr. Ajay Srinivasan
Mr. A. Dhananjaya
Mrs. Pinky Mehta
Mr. Mukesh Malik
Mr. Subhro Bhaduri
Mr. Amber Gupta
Mr. Makesh Chandramohan
Mr. Ramesh Narayanaswamy

(Only Statutory Committee(s) details covered here)

Key Managerial Personnel
Mr. Ajay Srinivasan
Chief Executive Officer

Mrs. Pinky Mehta
Chief Financial Officer

Mr. Amber Gupta
Company Secretary
(w.e.f 1st March 2021)

Mr. Sailesh Daga
Company Secretary
(till 28th February 2021)

Senior Management
Mr. A Dhananjaya
Chief Compliance and Risk Officer
Mr. Mukesh Malik
Chief Operating Officer
Mr. Ajay Kakar
Chief Marketing Officer
Mr. Pramo Selvaratnam
President, Strategy and Business Development
Mr. Subhro Bhaduri
Chief Human Resource Officer

Statutory Auditors
Deloitte Haskins & Sells LLP
Chartered Accountants

Secretarial Auditors
Makarand M. Joshi & Co.
Practising Company Secretaries

Internal Auditors
Grant Thornton Bharat LLP
ANB Solutions Private Limited

Registrar & Share Transfer Agent
KFin Technologies Private Limited
Unit: Aditya Birla Capital Limited
Selenium Building, Tower B,
Plot No. 31-32, Financial District,
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Toll Free no: 1800-572-4001
E-mail Id: adityacapital@kfintech.com

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F: +91 2876 243220
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STATUTORY REPORTS

Management Discussion and Analysis

FY 21 HIGHLIGHTS

Aditya Birla Capital - Consolidated

	FY 20	FY 21
Revenue[1]	₹17,927 Crore	₹20,447 Crore ↑ 14% Y-O-Y
Net Profit	₹920 Crore	₹1,127 Crore ↑ 22% Y-O-Y

↑ 22% Y-O-Y

ACTIVE CUSTOMER BASE GREW TO **24 Million**

Protecting

Life Insurance

- TOTAL PREMIUM **₹9,775 Crore**
- EMBEDDED VALUE **₹6,441 Crore**
- NET VNB MARGIN **10.6%**

Health Insurance

- TOTAL PREMIUM **₹1,301 Crore**
- COMBINED RATIO **120%**
- LIVES COVERED **13.4 Million**

Investing

Asset Management

- AAUM GREW 7% Y-O-Y **₹2,81,035 Crore**
- EQUITY AAUM GREW 11% Y-O-Y **₹96,934 Crore**
- PROFIT AFTER TAX GREW 6% Y-O-Y **₹526 Crore**
- RETURN ON EQUITY **~35%**

Financing

NBFC

- LENDING BOOK **₹48,689 Crore**
- Q4 NIM **5.98%** (↑ 98 bps Y-o-Y)
- FY 21 NIM **5.34%** (↑ 23 bps Y-o-Y)
- Q4 ROA **2.2%**
- FY 21 ROA **1.7%**

HFC

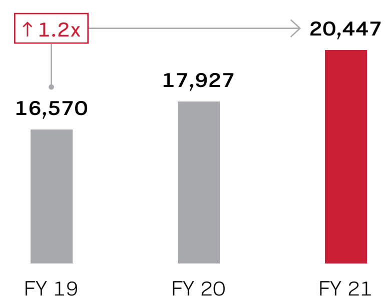
- LENDING BOOK **₹11,869 Crore**
- Q4 NIM **3.85%** (↑ 77 bps Y-o-Y)
- FY 21 NIM **3.53%** (↑ 58 bps Y-o-Y)
- Q4 ROA **1.2%**
- FY 21 ROA **1.2%**

[1] *Consolidated segment revenue which includes Asset Management and Wellness business. For Ind AS statutory reporting purpose Asset Management and Wellness business are not consolidated and included under equity accounting*

Your Company continues to deliver consistent growth in profit through market and macroeconomic cycles, backed by its diversified business model.

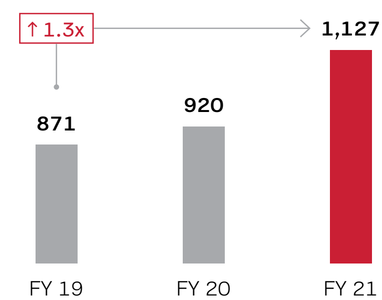
Revenue[1] ↑14% Y-o-Y

(All figures in ₹ Crore)



PAT ↑22% Y-o-Y

(All figures in ₹ Crore)



[1] *Consolidated segment revenue which includes Asset Management and Wellness business. For Ind AS statutory reporting purpose Asset Management and Wellness business are not consolidated and included under equity accounting*

The revenue[1] grew 14% year-on-year from ₹17,927 Crore to ₹20,447 Crore led by strong resilient growth across businesses. Your Company achieved its highest ever consolidated PAT of ₹1,127 Crore with a 22% growth year-on-year.

CONSOLIDATED PROFIT & LOSS

(Figures in ₹ Crore)

Consolidated Profit & Loss	FY 20-21	FY 19-20
Revenue	**19,248**	**16,691**
Profit Before Tax (before share of profit/(loss) of JVs	1,277	1,039
Add: Share of Profit/(loss) of associate and JVs	268	251
Less: Exceptional Item	-	(10)
Profit Before Tax	**1,546**	**1,280**
Less: Provision for taxation	440	414
Less: Minority Interest	(21)	(54)
Net Profit (after minority interest)	**1,127**	**920**

ADITYA BIRLA FINANCE LIMITED (NBFC)

Aditya Birla Finance Limited (ABFL), your Company's subsidiary, is among India's leading private and diversified Non-Banking Financial Companies (NBFCs), offering financing and wealth management solutions to a wide range of customers across the country. ABFL's product portfolio meets the financial requirements of a wide range of customers, such as the retail sector, high networth individuals (HNIs), ultra HNIs, micro enterprises, small and medium enterprises (SME) and mid and large corporates.

INDUSTRY OVERVIEW

Over the years, NBFCs' have developed as a key segment in the Indian financing sector. The NBFCs' non-food credit to GDP ratio has increased to 11.6% in 2020 from 8.8% in 2014 and has witnessed a faster growth than the credit growth for banks during this period. With respect to liabilities, NBFCs' have become increasingly interconnected with the financial system.

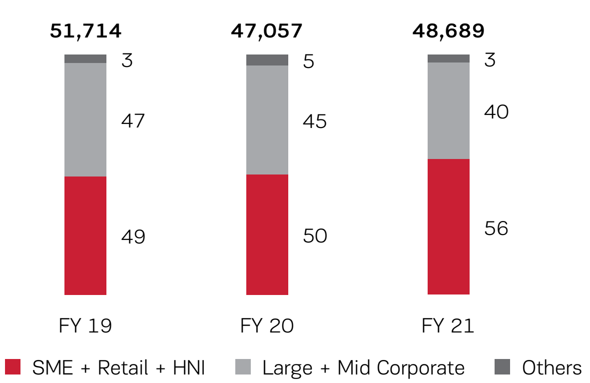
During FY 21, NBFCs' faced asset growth challenges due to the headwinds in the economy. However, with the easing of lockdown post the first wave of the pandemic, retail credit inquiry volumes showed an uptick and micro, small and medium enterprises' (MSME) credit demand rebounded on account of the Emergency Credit Line Guarantee Scheme (ECLGS) and Government stimulus.

The collection efficiency reported by NBFCs' showed a recovery in H2 FY21 supported by momentum in economic activities.

Loan Book Mix

(%) (₹ in Crore)

Book Growth	SME + Retail + HNI
3% ↑ Y-o-Y	50% → 56%



PERFORMANCE REVIEW

The overall lending book of ABFL grew 3% year-on-year to ₹48,689 Crore as on 31st March 2021 with strong growth in disbursement to the retail and SME segment. The retail, SME and HNI segments grew 17% year-on-year to constitute ~ 56% of the portfolio from 50% in FY 20. There was strong revival in gross disbursement in Q4 FY21 with 2.1 times growth year-on-year of which 64% contribution was by retail, SME and HNI segments.

The retail and SME segments continue to grow, as a part of our focus on increasing retailisation of the loan book and increasing granularity and diversification.

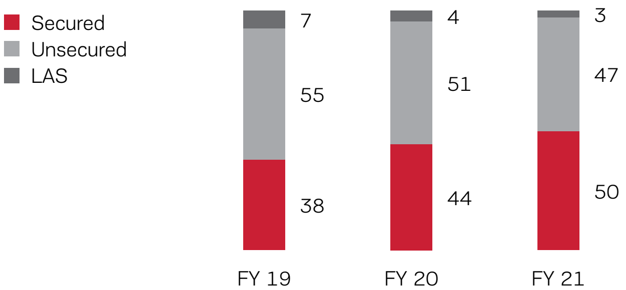
ABFL continues to move towards a granular portfolio mix, which led to reduction in portfolio average ticket size to ₹23 Lakh from ₹1 Crore in March 2018. With the focus on increasing retailisation, the large and mid-corporate loan book has reduced by ~ ₹5,000 Crore since its peak. ABFL constantly reviews its concentration risk in the portfolio. In line with this strategy, the contribution of the top 20 customers reduced to ~ 9.5% in FY 21 from 13.0% in March 2018. At the same time, the top 100 customers contributed ~ 28% compared to 37% in March 2018.

We focus our efforts on diversification across customers and product categories. Diversification allows us the flexibility to choose segments that work from a risk-return perspective.

Retail Book Mix

(%)

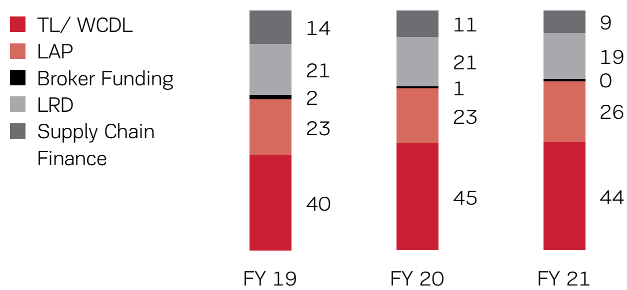
Loan book (₹ Crore)	6,916	8,838	11,326
% Mix	13%	19%	23%
ATS (₹ Lakh)	6	4	5



SME Book Mix

(%)

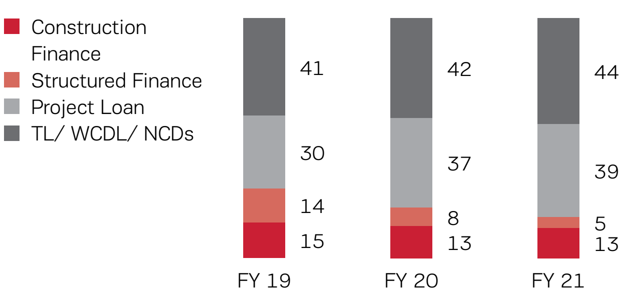
Loan book (₹ Crore)	13,771	12,778	14,107
% Mix	27%	27%	29%
ATS (₹ Crore)	7	5	5



Large/ Mid Corporate Book Mix

(%)

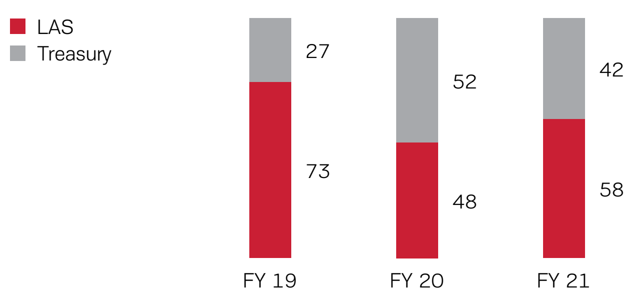
Loan book (₹ Crore)	24,426	21,344	19,690
% Mix	47%	45%	40%
ATS (₹ Crore)	68	59	53



HNI + Others Book Mix

(%)

Loan book (₹ Crore)	6,602	4,098	3,566
% Mix	13%	9%	7%
LAS ATS (₹ Crore)	69	35	46



Management Discussion and Analysis (Contd.)

ABFL remains focused on building granularity across segments while reducing ticket size across the board. SME book average ticket size further reduced to ₹5 Crore. In the retail book, its average ticket size stood at ₹5 Lakh. The large and mid-corporate portfolio has reduced to 40% as on 31st March 2021 from 45% in the previous year. The overall ticket size of large and mid corporate continues to reduce to ₹53 Crore compared to ₹59 Crore in the previous year.

The net interest margin expanded by 23 bps to 5.34% in FY 21. This reflects an increased proportion of higher margin segments and products in the portfolio. ABFL achieved its highest ever margin at 5.98% in Q4 FY21, an expansion of 98 bps year-on-year, on the back of improvement in product mix and cost of funds.

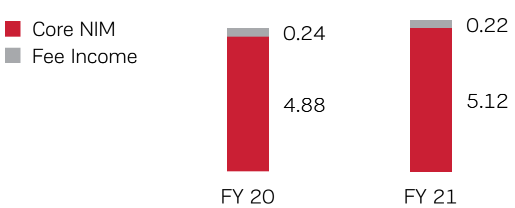
ABFL delivered strong core operating profits during one of the most challenging times for the NBFC industry. Net interest income remained steady at ₹2,512 Crore, with an expansion of net interest margin. We also optimised borrowing costs in a volatile interest rate environment with FY 21 borrowing cost at 7.58% compared to 8.22% in the previous year. The cost income was optimised despite the retail expansion strategy at 31.23% in FY 21 as a result of focus on productivity and costs. The pre provisioning operating profit during FY 21 was ₹1,728 Crore against ₹1,776 Crore in the previous year. This led to a growth in the PPOP to average loan book from 3.65% in FY 20 to 3.75% in FY 21.

Net Interest Income[1,2,3]

(%)

Margin improvement led by change in product mix

NIM %	△: ↑ 23 bps	
NIM[1] %	5.11	5.34

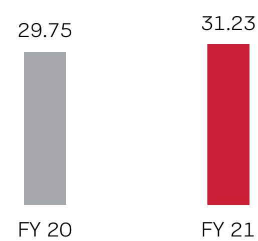


Cost to Income Ratio (CIR)[2,3]

(%)

CIR increase managed inspite of retail expansion strategy

Opex[3]	752	784
Opex[2,3] %	1.55	1.70

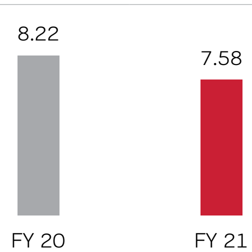


Cost of Borrowing

(%)

Optimised borrowing cost

CoB %	△: ↓ 64 bps	
CoF[2] %	7.13	6.35

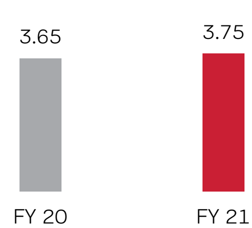


Pre Provisioning Operating Profit (PPOP)[2]

(%)

Expansion in core profit margin (PPOP % of AAUM)

PPOP %	△: ↑ 10 bps	
PPOP	1,776	1,728



[1] NIM including fee (net of DSA Expenses and Processing Cost) *[2] Calculated basis % of average Loan Book*
[3] DSA commission and Processing cost netted off against Total Revenue, accordingly previous quarter financials are reinstated; Processing costs netted off against revenue in current year

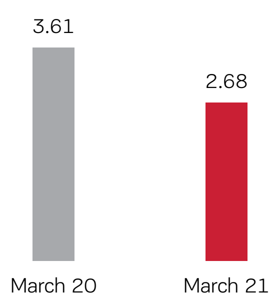
The growth of the loan book has been accompanied by strong credit appraisal and risk management practices. ABFL is primarily focused on cash flow based underwriting and uses multiple sources of information and data to take a credit decision. The exposures are diversified across sectors, customer segments and products. The overall loan book has more than 80% secured loans as on 31st March 2021. Gross Stage 3 has reduced by 93 bps from 3.61% to 2.68% as on 31st March 2021. ABFL has resolved stressed assets of ₹725 Crore during FY 21. ABFL has not taken any additional provisioning on recovery/resolution of secured assets over the last 2 years demonstrating its adequacy of provision coverage.

ABFL has also increased Stage 3 provision coverage ratio to 45.2% from 33.3% in the previous year. In addition, ABFL has a total floating provision of ₹129 Crore (26 bps of loan book) as on March 2021. ABFL restructured 2.3% of Loan book in FY 21, 51% of which was in Stage 1 portfolio. The collection efficiency at 98.7% in March 2021 was robust.

Gross Stage 3

(%)

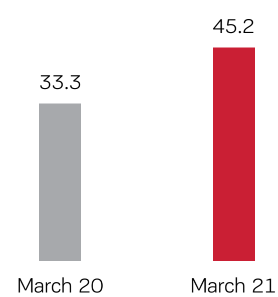
Δ: ↓ 93 bps Y-o-Y



Provision Coverage Ratio

(%)

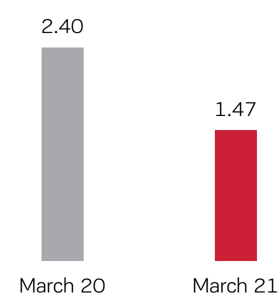
Δ: ↑ ~12% Y-o-Y



Net Stage 3

(%)

Δ: ↓ 93 bps Y-o-Y



Despite the spike in the Expected Credit Losses (ECL) provisions, the largely secured book creates an additional safety layer during these uncertain times.

Customer Segment	GS3	Provision	NS3	Security Value	Net Security Cover[1]
SME	252	99	153	305	2.0x
Retail – Secured	81	22	59	115	2.0x
Retail – Unsecured	232	128	103	-	-
Large Corp (ex IL&FS)	521	234	287	587	2.0x
Large Corp (IL&FS)	220	106	114	187	1.6x
HNI & Others	-	-	-	-	-
Total Book	**1,305**	**590**	**716**	**1,194**	**1.7x**

[1] *Net Security Cover = Security Value/ (GS3 – Provision)*

Management Discussion and Analysis (Contd.)

With an overall net security cover of 1.7x of the Stage 3 loan book, ABFL has adequate security cover. Moreover, 77% of overall loan book is secured with additional 3.4% secured through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme introduced by Small Industries Development Bank of India (SIDBI). The total disbursement under the ECLGS scheme stood at ₹1,297 crore during FY 21 primarily in the retail and SME segments.

The overall credit cost was 1.51% for FY 21 and improved to 1.30% in H2 FY 21 in line with guidance. During H1 FY 21, we created additional floating provision of ₹40 Crore with the overall floating provisioning at ₹129 Crore (26 bps of loan book) as on March 2021.

In terms of liabilities, ABFL has strong funding access with an adequate surplus and diversified borrowings mix. This resulted in one of the most optimum cost of borrowing across the industry in multiple economic cycles over the last 2 years. ABFL has optimised borrowing cost in a volatile interest rate environment.

ABFL Asset Liability Management (ALM) is optimised for both liquidity and cost. ABFL raised ₹8,276 Crore long-term borrowing during FY 21. Out of this, ₹3,216 Crore was raised through Non-Convertible Debentures (NCD) and ₹5,060 Crore from term loans.

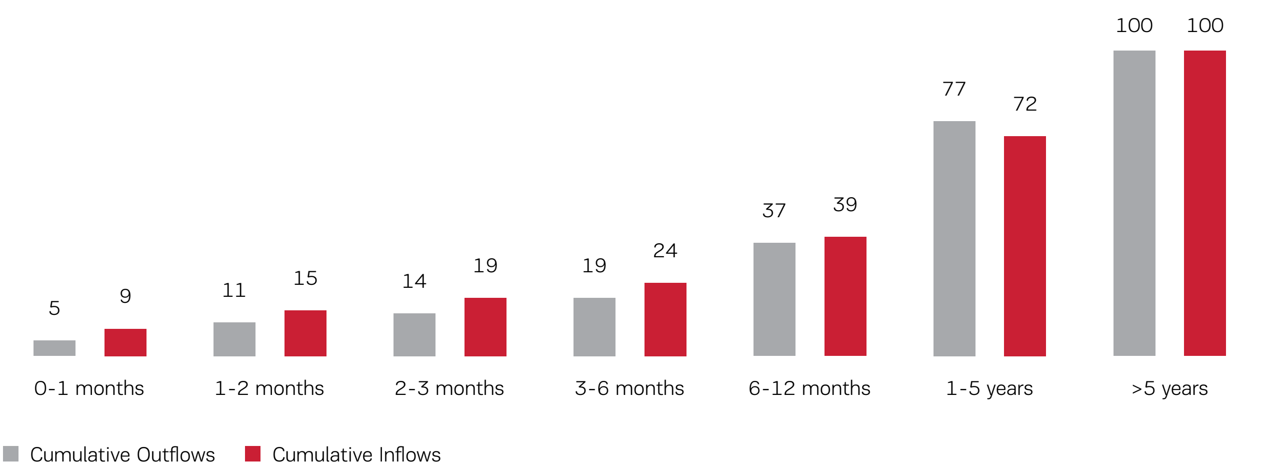
ABFL continues to maintain a comfortable Capital Adequacy Ratio of 22.8% as on 31st March 2021 against the 15% required by RBI norms. The Tier I capital stood at 18.48% (previous year 15.15%) and Tier II capital was 4.29% (previous year 3.94%). The Investment Information And Credit Rating Agency (ICRA) and India Ratings have reaffirmed ABFL's long-term debt to AAA, the highest rating.

ABFL has stress tested its liquidity and has adequate liquidity surplus and undrawn lines to meet its liabilities in a stress scenario.

Asset Liability Mix (ALM)

(%)

ALM optimised for liquidity and costs



Cumulative Surplus/ (Gap) (%)						
56	34	34	27	7	-6	0

During FY 21, ABFL's revenue at ₹5,528 Crore declined marginally by 10% on account of lower average book. Net Profit After Tax declined marginally from ₹821 Crore to ₹769 Crore. Net worth expanded by 9% year-on-year from ₹8,078 Crore to ₹8,838 Crore, led by internal accruals. ABFL delivered ROA at 2.2% in Q4 FY21, in line with guidance and its stated strategy.

OUTLOOK

While near term credit demand is going to be driven by the economic impact of the virus and the lockdowns, as vaccinations pick up and economic activity normalises, ABFL sees the Government policies leading to resumption of growth. ABFL is focused on building the higher margin segments of its book in retail and SME and expects this to lead to improved margins and a higher return on assets. ABFL will continue to optimise costs wherever possible and to monitor and manage risks so as to keep credit costs under control. Leveraging technology to improve reach and customer experience and leveraging analytics across the organisation will be key focus areas.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Lending book	**48,689**	**47,057**
Average yield (Incl. Fee Income)	11.69%	12.24%
Interest cost / Avg. Lending book	6.35%	7.13%
Net Interest Margin (Incl. Fee Income)	5.34%	5.11%
Net Interest Income (Incl. Fee Income)	**2,512**	**2,528**
Opex	784	752
Opex / Avg. Lending book	1.70%	1.55%
Cost-Income Ratio	31.2%	29.8%
Credit Provisioning	**696**	**707**
Credit Provisioning/ Avg. Lending book	1.51%	1.46%
Profit Before Tax	**1,031**	**1,069**
Profit After Tax	769	821
Net worth	8,838	8,078
Return on Asset %	**1.7%**	**1.7%**
Return on Equity %	**9.6%**	**11.0%**

Note 1: DSA commission netted off against Total Revenue, accordingly previous period financials are reinstated; NIM including fee (net of DSA Expenses); Processing costs netted off against revenue in current year

Note 2: Aditya Birla MyUniverse demerged transaction business into ABFL's wealth business w.e.f. 1st January 2020; Prior period accounts not restated.

Note 3: ROE based on annualized monthly compounding

ADITYA BIRLA HOUSING FINANCE LIMITED (HOUSING FINANCE)

Aditya Birla Housing Finance Limited (ABHFL) a subsidiary of your Company is registered with the National Housing Bank as a housing finance company under the National Housing Bank (NHB) Act, 1987. ABHFL offers a comprehensive range of housing finance solutions, such as Home loans, Home Extension Loans, Plot & Home Construction Loans, Home Improvement Loans, Loans Against Property, Construction Financing, Commercial Property Purchase Loan and Property Advisory Services.

INDUSTRY OVERVIEW

Housing credit as a percentage of GDP in India has increased steadily from around 7% as on 31st March 2007 to around 10% as on 31st March 2021. However, it continues to be significantly lower than developed markets. The housing finance space has a healthy outlook due to multiple factors, such as significant under penetration, increasing disposable income of a growing population and Government support for affordable housing.

Given the environment, housing credit growth in FY 21 is expected to be in the range of 9-12%, which is lower than the last three year's CAGR of 16%. However, given the low mortgage penetration levels in the country, the long-term growth outlook for the sector remains positive and growth in housing credit is expected to recover as the operating environment improves. The COVID-19 induced slowdown and loss of income has impacted the asset quality of Housing Finance Companies (HFCs). The construction finance segment, which was already under pressure due to demand-related fluctuations, witnessed further impact due to labour migration and lockdowns. These factors led to delays in project execution, completion and sales with an adverse effect on the cash flow of this borrower segment.

PERFORMANCE REVIEW

ABHFL continues to focus on increasing retail mix and granularisation of book. ABHFL witnessed strong revival in disbursement in Q4 FY21 at ₹1,131 Crore which grew 47% year-on-year. Out of the total disbursement, 52% was towards affordable segment in Q4 FY21. During FY 21, the affordable book mix increased to 27% against 18% in the previous year.

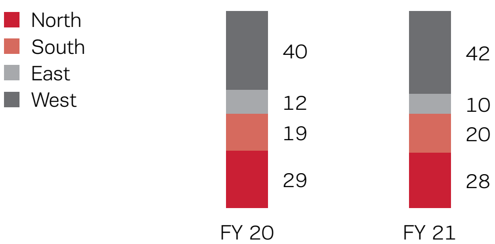
The ABHFL loan book stood at ₹11,869 Crore against ₹12,102 Crore in the previous year. The affordable housing loan book grew 2.2 times over the last two years to ~₹3,250 Crore as on March 2021. The retail mix has improved to 96% from 93% in the previous year.

The business has adopted a systematic approach with the aim to build a healthy portfolio mix. The housing loan (including affordable) segment consists of 67% of the overall exposure, while construction finance comprises only 4%. In construction finance, ABHFL's average ticket size on a sanctioned project is ₹19 Crore, while based on outstanding balance, it is ₹8 Crore. The overall home loan average ticket size declined to ₹26 Lakh from ₹31 Lakh in the previous year.

ABHFL continues to focus on diversification across geographies. With the scaling up of its affordable housing loan book, it will further expand into Tier III and Tier IV cities. Towards this, ABHFL has added 21 new locations during FY 21 and augmented front-line capacities. The non-metro loan book mix is at 49% of the overall loan book.

Diversified Geographic Mix

(%)

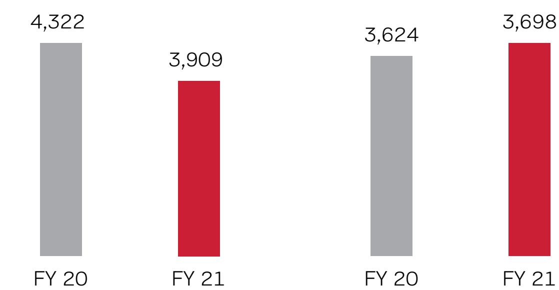


Sourcing Mix

Focus on increasing reach and building retail granularity

Home Loans Sourcing

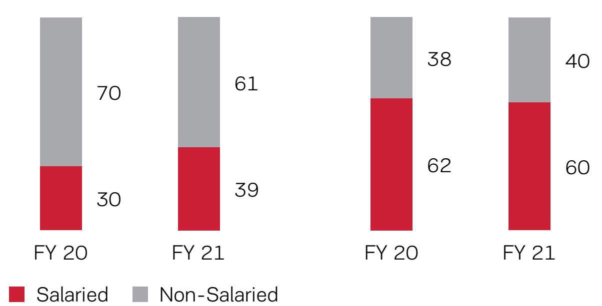
Metros **Non-Metros**



Customer Mix

Overall Home Loans (%) **Affordable Home Loans** (%)

ATS: ₹ 26 Lakhs (PY: ₹ 31 Lakhs)



In terms of the customer mix, prime home loans are largely focused on non-salaried customers. In the affordable home loan segment, ABHFL has built a loan book of ₹3,250 Crore with richer mix of salaried customers. Accordingly, the average ticket size for this segment is ₹14 Lakh. Further, 26% of the affordable home loan portfolio is backed by the Indian Mortgage Guarantee Corporation and 47% of the portfolio is eligible for the Pradhan Mantri Awas Yojana (PMAY) subsidy.

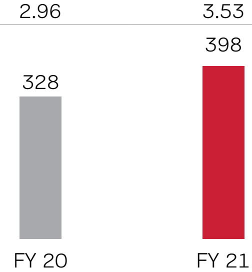
ABHFL has delivered strong core operating profit over the years. Net interest income grew by 21% year-on-year to ₹398 Crore. Net interest margin expanded by 58 bps to 3.53% from 2.96% in the previous year led by change in product mix. The cost of borrowing has been optimised at 7.71% in FY 21, despite a volatile interest rate environment. Due to the scalability of operations and improvement in operating efficiency, the cost to income ratio has reduced from 45% in FY 20 to 40% in FY 21. The business showed significant improvement in profitability with Pre provisioning operating profit growing 28% year-on-year to ₹264 Crore. Net Profit After Tax grew 34% year-on-year to ₹137 Crore. The business has posted Return on Equity and Return on Assets at 10.0% and 1.2%, respectively.

Net Interest Income[1,3]

(All figures in ₹ Crore)

Margin improvement led by change in product mix

NIM	Δ: ↑ 58 bps	
NIM[1] %	2.96	3.53

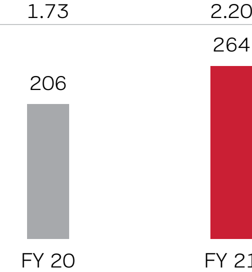


Pre Provisioning Operating Profit (PPOP)

(All figures in ₹ Crore)

Expansion in core profit margin (PPOP %)

PPOP %	Δ: ↑ 48 bps	
PPOP[1] %	1.73	2.20



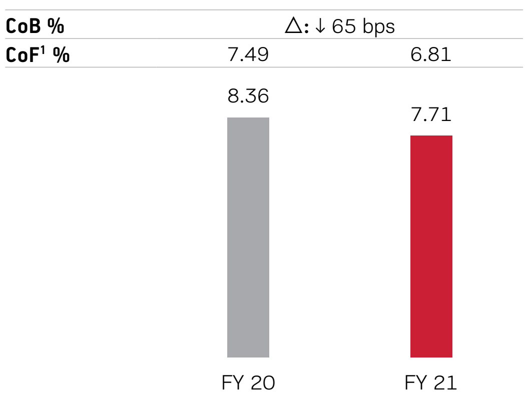
[1] *NIM including fee (net of DSA Expenses)*
[2] *% computed based on average Loan Book*
[3] *DSA commission netted off against Total Revenue, accordingly previous period financials are reinstated*

Management Discussion and Analysis (Contd.)

Cost of Borrowing

(%)

Optimised borrowing cost in a volatile interest rate environment

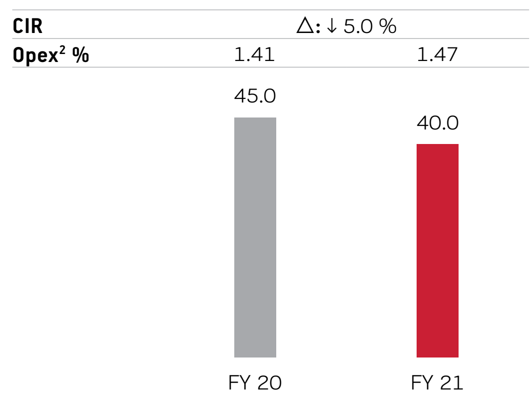


[1] *% computed based on average Loan Book*

Cost to Income Ratio (CIR)

(%)

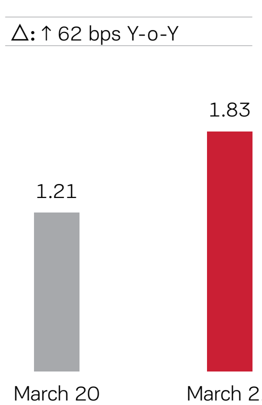
Improvement in CIR



ABHFL efforts are concentrated on building a high-quality asset book. The Gross Stage 3 book was at 1.83% and Net Stage 3 book at 1.16% as on 31st March 2021. ABHFL increased Stage 3 provision coverage from 32.1% to 36.3% as on 31st March 2021. ABHFL has additional floating provision of ₹42 Crore as on March 2021. During FY 21, ABHFL restructured 4% of the loan book of which 56% of restructured pool was in Stage 1. The collection efficiency was 95.2% in March 2021.

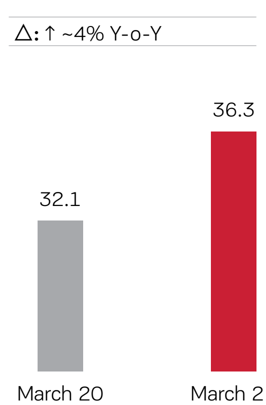
Gross Stage 3

(%)



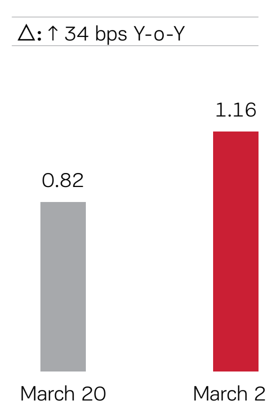
Provision Coverage Ratio

(%)



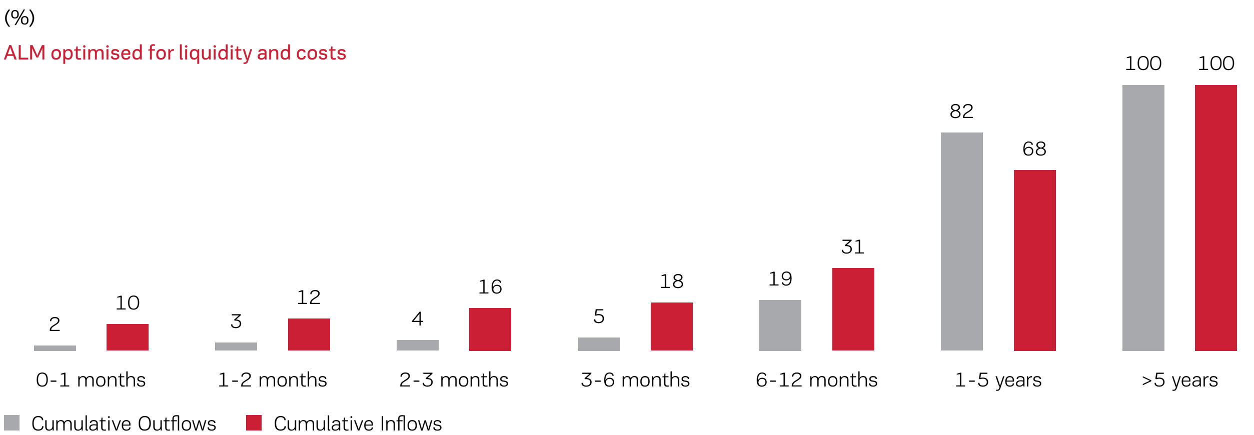
Net Stage 3

(%)



The Asset Liability Management (ALM) is optimised for both liquidity and cost. ABHFL raised over ₹2,350 Crore long-term borrowing during FY 21. ABHFL continue to maintain comfortable Capital Adequacy Ratio at 21.7% as on 31st March 2021 against the 14% required by regulatory norms.

Asset Liability Mix (ALM)



Cumulative Surplus/ (Gap) (%)						
337	365	353	249	61	-17	0

ABHFL has stress tested its liquidity and has adequate liquidity surplus and undrawn lines to meet its liabilities in a stress scenario.

ABHFL revenue stood at ₹1,281 Crore, marginally lower than previous year in line with our book size. Profit Before Tax grew 30% year-on-year to ₹176 Crore against ₹136 Crore in FY 20. The net worth expanded from ₹1,383 Crore in FY 20 to ₹1,519 Crore in FY 21 led by internal accruals.

OUTLOOK

Long-term growth outlook for the housing finance sector remains favourable owing to the Government's focus on housing initiatives, improved affordability and favourable demographics. These factors, coupled with the current low penetration levels, are likely to boost growth in this segment.

Aditya Birla Housing Finance Limited aims to build a scalable and profitable book through optimal product-sourcing-customer mix. The Company's focus is on building a robust technology platform for customer acquisition, offering quality customer service for better retention and creating operating efficiencies.

The focus will be on growing the higher margin part of the retail book viz affordable housing, optimising costs and keeping a close control on credit costs to drive higher return on assets.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Lending book	11,869	12,102
Average yield	10.28%	10.39%
Net Interest cost / Avg. Loan book	6.81%	7.49%
NIM	3.53%	2.96%
Net Interest Income	**440**	**375**
Opex	176	169
Opex/ Avg. Loan Book	1.47%	1.41%
Cost Income Ratio (%)	39.9%	45.0%
Credit Provisioning	**88**	**70**
Credit Provisioning/ Avg. Loan Book	0.73%	0.59%
Profit Before Tax	**176**	**136**
Profit After Tax	**137**	**103**
Net worth	**1,519**	**1,383**

Note: DSA commission netted off against Total Revenue, accordingly previous period financials are reinstated; NIM including fee (net of DSA Expenses)

ADITYA BIRLA SUN LIFE AMC LIMITED (AMC)

Incorporated in 1994, Aditya Birla Sun Life AMC Limited (ABSLAMC) a JV between your Company and Sun Life has been amongst the leaders in the Indian mutual fund industry as demonstrated by its leading position across a number of key indicators. It caters to a wide range of customers from individuals to institutions through the provision of a variety of tailored investment solutions that focus on goals such as regular income, wealth creation, tax savings and savings solutions. ABSLAMC is ranked as the largest non-bank affiliated Asset Management Company (AMC) in India by QAAUM since 31st March 2018 and the fourth largest AMC in India by QAAUM since 30th September 2011.

INDUSTRY OVERVIEW

India's mutual fund industry comprises 43 asset management companies. The top 5 AMCs contributes to 57% of the industry's Average Assets Under Management (Source: Association of Mutual Funds in India, www.amfiindia.com).

In 2020-21, the industry witnessed a 19% growth in quarterly Average Assets Under Management (AAUM). AAUM grew from ₹27,01,227 Crore in the year ended March 2020 to ₹32,08,626 Crore in the year ended March 2021.

The industry's equity assets grew by 20% from ₹11,17,699 Crore in the year ended March 2020 to ₹13,40,740 Crore in the year ended March 2021. The share of equity AAUM within total industry AAUM touched 42%. Systematic investment plan (SIP) inflows and account addition continued to be encouraging. In March 2021, SIP inflows stood at ₹9,181 crore against ₹8,641 crore in March 2020. Industry investor folios grew 10% year-on-year to 9.90 Crore in March 2021 from 9.04 Crore in March 2020.

PERFORMANCE REVIEW

Aditya Birla Sun Life AMC Limited is the largest non-bank affiliated AMC with overall market share (excluding ETF) at 9.20% and the fourth largest AMC in India by quarterly average assets under management as on March 2021. ABSLAMC managed total QAAUM of ₹2,81,035 Crore under its suite of mutual fund, portfolio management services, offshore and alternate asset offerings as of 31st March 2021.

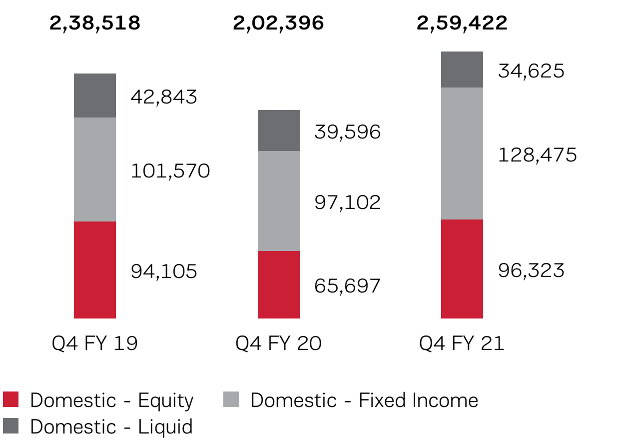
ABSLAMC witnessed revival in QAAUM across asset classes with closing AUM at ₹2,59,422 Crore and growth of 28% year-on-year as on March 2021. Domestic QAAUM grew 9% year-on-year to ₹2,69,278 Crore with higher equity AUM growth at 11% year-on-year to ₹96,934 Crore. ABSLAMC continued to focus on growing retail assets and equity AAUM contributed 36% of the total domestic AAUM in FY 21 against 35% in FY 20.

ABSLAMC also achieved substantial growth in individual investor Monthly Average Assets Under Management (MAAUM). Its individual investor MAAUM grew 19% year-on-year to ₹1,26,982 Crore as of 31st March 2021. Correspondingly, individual investor MAAUM mix increased to 46.9%. Consistent with this, the number of total investor folios (including domestic Funds of Funds) grew to 7.1 million as of 31st March 2021.

Closing Assets under Management

(All figures in ₹ Crore)

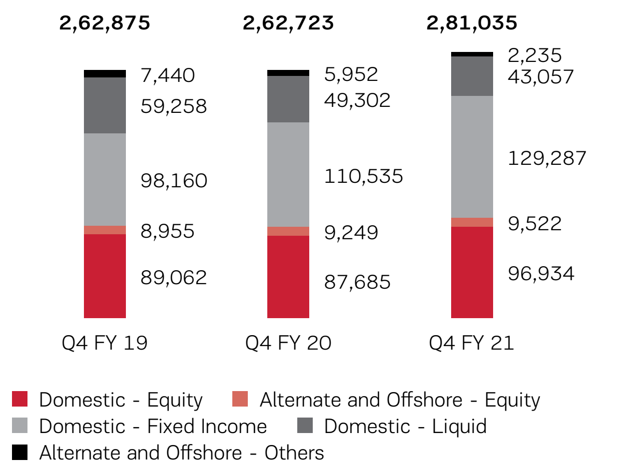
Domestic Total	Equity	Fixed Income
↑ 28% Y-o-Y	↑ 47% Y-o-Y	↑ 32% Y-o-Y



Average Assets under Management

(All figures in ₹ Crore)

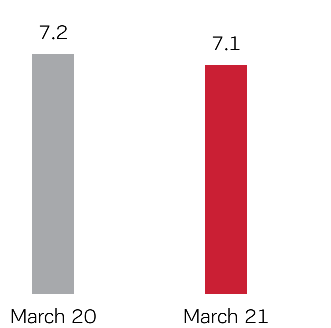
Overall QAAUM	Domestic Equity	Equity Mix
↑ 7% Y-o-Y	↑ 11% Y-o-Y	36% (PY: 35%)



ABSLAMC maintained a market leading position in B-30 (beyond top 30 markets) penetration over the years, which has further contributed to the growth of the individual investor base as well as improvement in profitability. The B-30 cities' MAAUM was ₹43,754 Crore as of 31st March 2021. The share of MAAUM from B-30 cities in total MAAUM increased from 14.9% in March 2020 to 16.1% as of March 2021.

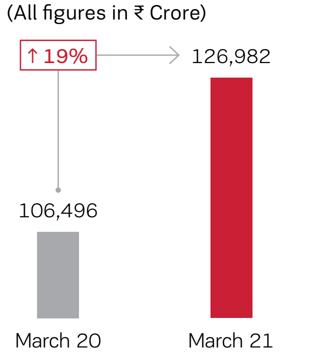
Folio

(Million)



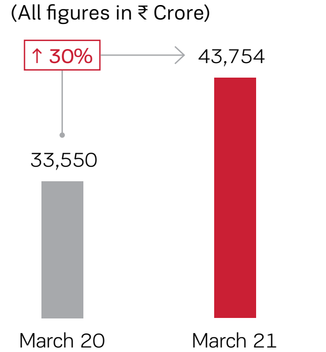
Individual MAAUM

(All figures in ₹ Crore)



B-30 MAAUM

(All figures in ₹ Crore)



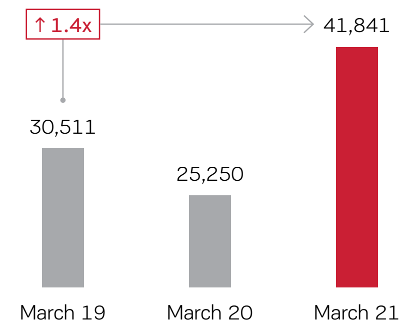
ABSLAMC has achieved growth in systematic transactions with SIP AUM growing 66% year-on-year to ₹41,841 Crore from ₹25,250 Crore in March 2020. The contribution of SIP AUM to equity AUM has increased from 38% in March 2020 to 43% in March 2021. We also witnessed traction in new SIP registrations with 13% year-on-year growth to 2,03,714 new SIPs in Q4 FY21.

Management Discussion and Analysis (Contd.)

SIP Assets under Management

(All figures in ₹ Crore)

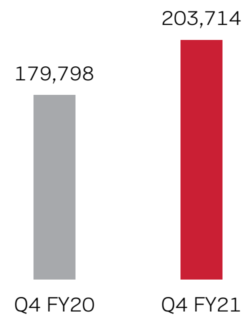
SIP AUM	SIP AUM % Equity
↑ 66% Y-o-Y	↑ 4% Y-o-Y



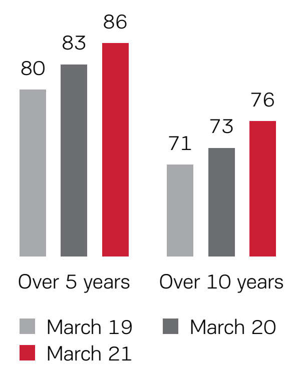
SIP AUM % Equity AUM		
32	38	43

New SIP Registrations

SIP Registration	SIP Tenure[1]
↑ 13% Y-o-Y	Gain across cohorts



(% of Total SIP Count)



[1] *Based on tenure at the time of registration of all live SIPs on the closing day of the month*

ABSLAMC has established a geographically diversified pan-India presence that is not only extensive but multi-channelled with a significant physical and digital presence. The reach extends across 280+ locations with more than 75% located in B-30 cities. The strong relationships with distributors is demonstrated by the highly-diversified distribution network, which includes over 65,000 local Know Your Distributor (KYD) compliant Mutual Fund Distributors (MFDs), over 230 national distributors and over 100 banks as of 31st March 2021.

One of the largest empaneled distributor base (1) | Continue to expand distributor base and empaneled 2400+ new MFDs in FY 21

280+
Locations(2)

65,000+
MFDs

100+
Banks

90
Emerging Market Representatives

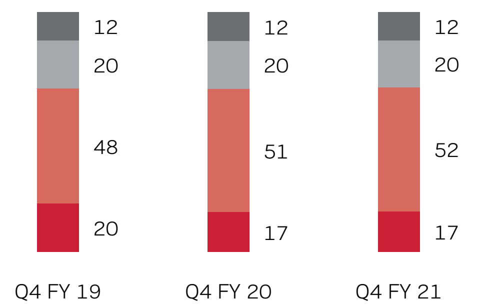
230+
National Distributors

Our MFDs, national distributors and banks contributed to 52%, 20% and 12%, respectively, of our equity-oriented QAAUM as of 31st March 2021, while our direct marketing efforts contributed to 17%.

(1) Data as of 31st March 2021; MFD - Mutual Fund Distributor.
(2) Includes 194 branches and 90 EM representatives

Equity Sourcing Mix

(%)



ABSLAMC automated and digitised several aspects of operations including customer onboarding, online payments and other transactions, fund management, dealing, accounting, customer service and other functions. ABSLAMC's online engagement saw continued growth in recent years and the proportion of digital transactions in total transactions accounts for 88% during FY 21. Similarly, the number of investors that we onboarded digitally increased to 75% during the year.

In addition, ABSLAMC contributed towards investor education by introducing initiatives to increase financial literacy across India. In FY 21, we conducted 1,171 digital investor education programs covering over 94,500 Investors. We also conducted 465 distributor development programs covering over 45,500 partners in FY 21.

ABSLAMC launched Aditya Birla Sun Life ESG Fund and Aditya Birla Sun Life Special Opportunities Fund in FY 21, which have seen success not only through asset collection but also through new customer acquisition.

ABSLAMC continues to improve its profitability over time. ABSLAMC reported PBT/AUM at 28 bps in FY 21 and the highest ever quarterly profit in Q4 FY21. The net profit grew 6% year-on-year to ₹526 Crore. ABSLAMC delivered return on equity at 35% in FY 21.

ABSLAMC fund performance remained strong across multiple asset classes. It received several awards during the year including:

- Asia Asset Management 2021 Best of the Best Awards
  - Best Investor Education
  - Best Digital Wealth Management
- Loyalty and rewards program 'Privilege Club' awarded in two categories at the 14th Customer Fest Leadership Awards
  - Best Use of Innovation in Loyalty Marketing
  - Best Overall Loyalty Program (Multi-Industry)

OUTLOOK

In the medium to long term, the overall industry's AUM is projected to grow driven by higher disposable income and investable household surplus, deeper regional penetration as well as better awareness of mutual funds as an investment vehicle. The industry is expected to witness positive impact with continuous improvement in ease of investing, technological innovations and perception of mutual funds as long-term wealth creators, driven in part by initiatives like the Mutual Fund Sahi Hai campaign.

ABSLAMC will continue to focus on increasing higher margin AUM and expanding its investor base. Increasing contribution from beyond top 30 markets will remain a focus area along with strengthening digital presence to help connect better with customers and enhance distribution. The focus on delivering competitive returns on the funds managed, talent retention and risk management will also continue.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Domestic AAUM	**2,44,501**	**2,51,310**
Domestic Equity AAUM	84,776	90,234
Alternate and Offshore Equity AAUM	8,437	9,471
Total Equity	**93,213**	**99,705**
Revenue	1,206	1,235
Costs	510	574
Profit Before Tax	**696**	**661**
Profit Before Tax (bps[1])	28 bps	26 bps
Profit After Tax	**526**	**494**

[1] *Margin based on annualized earnings as % of Domestic AAUM*

ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED (LIFE INSURANCE)

Aditya Birla Sun Life Insurance Company Limited (ABSLI) is a 51:49 joint venture between your Company and Sun Life Financial Inc., Canada's leading international financial services organisation. ABSLI has contributed to the growth and development of the Indian life insurance industry and is currently one of India's leading private life insurance companies.

INDUSTRY OVERVIEW

The Life insurance Industry has undergone a critical transformation in the past two decades with the entry of private players. Its journey has been characterised by shifts in product propositions, regulatory changes, and evolution of distribution channels. Despite interim setbacks, the industry has grown at a significant pace over the last few years. There has been a recalibration of distribution models, ongoing product innovations and realignment of processes to provide a seamless experience to the end consumer.

The life insurance industry weathered the pandemic situation with resilience reaching Pre-COVID-19 levels of new business in Q3 FY21. Contrary to fears of a sharp contraction, as life insurance sales require physical interaction, most distribution channels adapted well to the new reality and embraced the digital way of life. During FY 21, the Individual premium of private players' witnessed a growth of 8% year-on-year while LIC de-grew by 3%. The private players' market share in individual new business premium stood at 59.7% in FY 21.

The industry continues to focus on the quality of business and improving financial performance to drive long-term shareholder value. This is reflected in the improved persistency ratios across cohorts, reducing surrender to AUM ratios, better opex management and lower complaints.

The protection segment has emerged as an important category on the back of higher customer awareness, product innovation and emergence of digital modes of distribution. New alternatives such as return of premium products, value-added riders and combo products are being introduced to push protection sales growth and expand margins. This, combined with awareness campaigns, is expected to lift growth in the retail protection segment. Predominantly a push product, individual protection products have seen faster acceptance by the affluent segment and is becoming a pull product.

On the distribution mix, there has been a distinct shift with bancassurance now emerging as the primary distribution channel with more than 50% share (21% in FY 10) among private sector insurers. This shift is primarily driven by the captive customer base and leveraging the wide-spread network of bank branches. Currently, with the use of analytics and automated underwriting, insurance companies are collaborating with banks to provide customised offers, which they are integrating into bank systems to create a differentiating factor and better experience for the customer.

Companies continue to focus on digital and direct channels, given the tremendous growth potential. There has been an increase in the number of web aggregators in recent years and several insurance companies have been showing increasing interest in listing their products on aggregator portals and websites.

PERFORMANCE REVIEW

ABSLI recorded individual new business premium growth at 14% year-on-year, ahead of private players' growth at 8% and industry at 3%. Our market share expanded by 24 basis points to 4.3% of the total private players' market for Individual business. The group business grew by 34% year-on-year with increase in market share by 73 basis points to 6.8% in FY 21. The overall renewal premium grew 20% year-on-year to ₹5,212 Crore of which 65% was collected digitally vs 56% in the previous year.

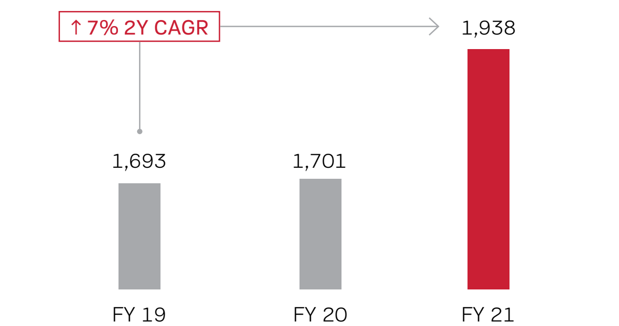
The total gross premium grew by 22% year-on-year to ₹9,775 Crore in FY 21. ABSLI registered strong growth in both Partnership and Proprietary channels with a balanced sourcing mix of 55:45 in FY 21. ABSLI continued its journey of balanced channel strategy with a pan India presence across 3,000+ cities through 13,000+ bank branches and 360+ own branches with 90,000+ agent base. ABSLI has also collaborated with seven key bank partners and multiple corporate agents and brokers.

Management Discussion and Analysis (Contd.)

Individual First Year Premium (FYP)[1]

(All figures in ₹ Crore)

ABSLI	Private Players	Industry
↑ 14% Y-o-Y	↑ 8% Y-o-Y	↑ 3% Y-o-Y

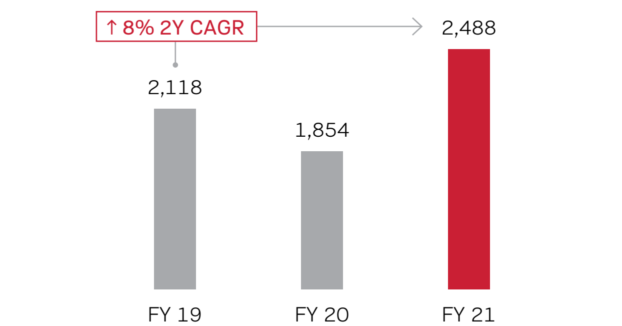


ABSLI Market Share[2]	4.3%	↑ ~24 bps over LY

Group New Business Premium

(All figures in ₹ Crore)

ABSLI	Private Players	Industry
↑ 34% Y-o-Y	↑ 20% Y-o-Y	↑ 4% Y-o-Y



ABSLI Market Share[2]	6.8%	↑ ~73 bps over LY

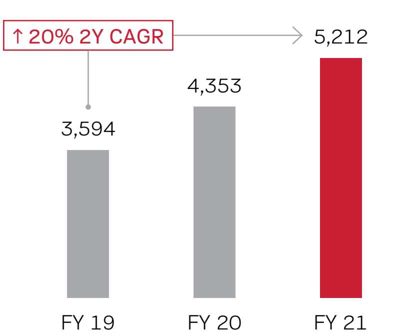
[1] Individual FYP adjusted for 10% of single premium *[2] Market Share among private players*
Note: Industry and Private Players represents Life Insurance Companies (excluding LIC); FYP for Industry players: Source IRDAI;

The quality of the business remains a key focus area and ABSLI made significant progress across quality parameters. There is continuous improvement in persistency across cohorts. The 13th month persistency ratio improved to 83.7% from 83.4% in the previous year and 25th month persistency ratio improved to 72.5% from 67.9% in the previous year. The longer-term 61st month persistency also improved to 50.9% from 48.6% in the previous year. The surrender ratio of policy holder AUM reduced to 6.1% from 9.8% in FY 20, led by increasing in-force policies and renewal premiums. ABSLI has achieved the highest claim settlement ratio of 98.02% driven by robust risk scoring models, data analytics and training provided to field force. The number of complaints has reduced by more than 50% over the last three years.

Renewal Premium

(All figures in ₹ Crore)

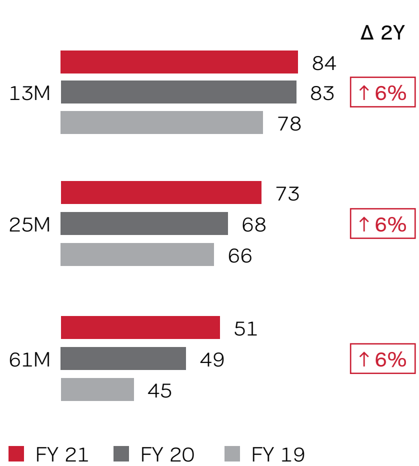
Renewal Growth	Digital Renewal
↑ 20% Y-o-Y	65% (PY: 56%)



Persistency[1]

(%)

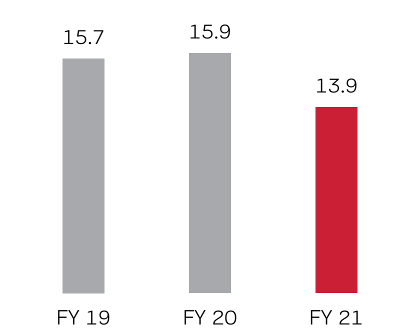
Improving Persistency across cohorts



Opex to Premium Ratio

(%)

200 bps reduction in opex to premium ratio

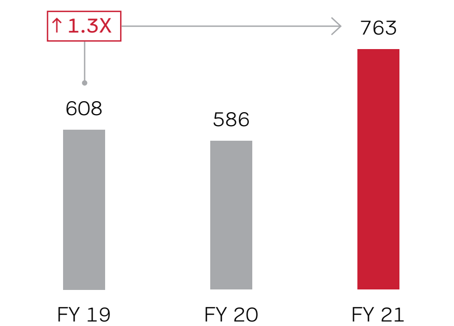


[1] 12 month rolling block as per IRDAI

Gross VNB[1]

(All figures in ₹ Crore)

Gross VNB Growth	Gross VNB Margin
↑ 30% Y-o-Y	↑ 4.7% Y-o-Y Expansion

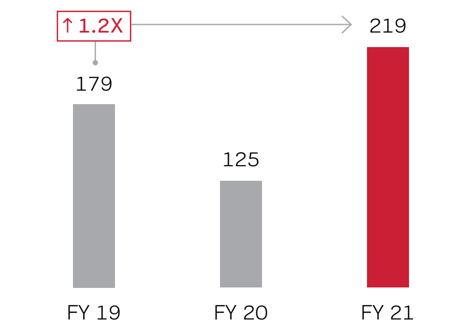


Gross VNB Margin (%)		
34.6	33.8	38.6

Net VNB[2]

(All figures in ₹ Crore)

Net VNB Growth	Net VNB Margin
↑ 1.8x Y-o-Y	↑ 3.7% Y-o-Y



Net VNB Margin (%)		
9.8	6.9	10.6

[1] *Gross VNB is for Individual Life* [2] *Net VNB includes Group Risk business*

The value of new business is one of the most important metrics in the life insurance industry and measures profitability over the long term. In FY 21, ABSLI achieved a gross margin of 38.6% (Previous Year: 33.8%). While gross margins are highly sensitive to interest rates, ABSLI has been able to largely maintain the gross margin rates with its improved product mix, despite falling interest rates. ABSLI has achieved highest ever Net Value of New Business (VNB) margin at 10.6% with an increase of 370 basis points year-on-year from 6.9% in FY 20.

The embedded value increased 24.2% year-on-year to ₹6,441 Crore from ₹5,187 Crore in FY 20. ABSLI reported a healthy Return on operating Embedded Value (RoEV) at 13.7%.

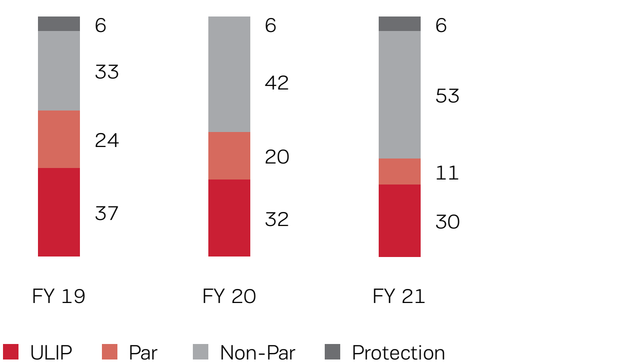
In line with its strategy, ABSLI continues to hold a diversified product portfolio to safeguard against capital market volatility, regulatory changes and change in customer behaviour. Expected maturity benefits of the guaranteed portfolio are entirely hedged.

ABSLI launched 3 products during FY 21 in the guaranteed space and a new protection product with industry-best features. The new products contributed to 24% of the overall Individual first year premium for FY 21. The ULIP mix saw a reduction in both Proprietary at 31% and Partnership channels at 29% in FY 21. Proprietary channel continues to maintain a healthy protection mix of 9%.

Management Discussion and Analysis (Contd.)

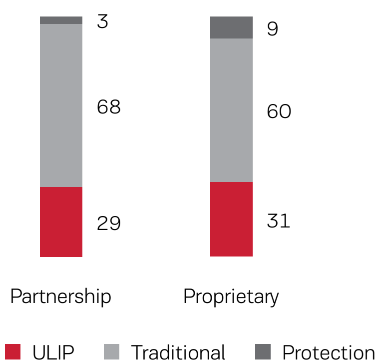
Product Mix

(%)



Product Mix by Channel (FY 21)

(%)



We are actively monitoring the impact of COVID-19 and the second wave while maintaining COVID-19 reserves as of March 2021 that will be reviewed monthly.

Total Gross premium grew 22% year-on-year to ₹9,775 Crore against ₹8,010 Crore in FY 20. Net Profit After Tax stood at ₹102 Crore. No capital infusion has been required in the preceding ten years, as the business is generating adequate internal accruals to fund its requirements. ABSLI has raised sub-debt of ₹150 Crore in FY 21. Its solvency margin is at 1.8 times as on 31st March 2021, against the regulatory requirement of 1.5 times.

OUTLOOK

ABSLI has weathered the ongoing pandemic situation with strong growth in top line and improvement in all quality and financial vectors. The outlook for the growth of ABSLI continues to be stable. There may be transient stress on top line in case extended periods of lockdown prevail impacting the economy adversely. The management has identified and instituted a detailed action plan and is actively monitoring all risk areas including COVID-19 related claims. ABSLI will continue to strengthen its competitive and financial position by focusing on balanced channel strategy, creating value accretive business through a focus on the optimum product mix and cost base as well as digital technology adoption.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Individual First year Premium	**2,076**	**1,804**
Group First year Premium	2,488	1,854
Renewal Premium	5,212	4,353
Total Gross Premium	**9,775**	**8,010**
Opex (Excl. Commission)	1,362	1,274
Opex to Premium (Excl. Commission)	13.9%	15.9%
Opex to Premium (Incl. Commission)	19.1%	21.6%
Profit Before Tax	**151**	**137**
Profit After Tax	**102**	**103**

PBT and PAT are based on Consolidated Ind AS Financials (Including Aditya Birla Sunlife Pension Management Limited)

Note: All KPIs above are based on IRDAI Reporting

ADITYA BIRLA HEALTH INSURANCE CO. LIMITED (HEALTH INSURANCE)

Aditya Birla Health Insurance Co. Limited (ABHICL) was incorporated in 2015 as a joint venture between Aditya Birla Capital Limited (ABCL) and MMI Strategic Investments (Pty) Ltd. with each holding 51% and 49% shares, respectively. ABHICL commenced its operations in October 2016 and is engaged in the business of health insurance. It continues to be the fastest growing Health Insurance company with differentiated core offerings like incentivised wellness with Industry-first 100% return of premium (HealthReturns™) along with a differentiated health and wellness framework.

INDUSTRY OVERVIEW

The Healthcare sector has been at the epicentre of the global crisis brought on by COVID-19. Driven by this context and the continuously increasing awareness among the masses, the health insurance industry registered a premium growth of 12% year-on-year at ₹63,654 Crore in FY 21.

Health insurance companies can be broadly divided into 3 categories: Public Sector (PSU) Insurers with ~45% market share; Private multi-line Insurers with market share of ~30% focusing on Health and Standalone Health Insurers (SAHI), such as Aditya Birla Health Insurance, Star Health, Max Bupa, Religare Health (now Care Health Insurance) and ManipalCigna TTK with a market share of ~25%. SAHI players' registered a growth of 32% year-on-year with 280 bps improvement in market share in FY 21.

Health Insurance has three broad customer segments:

1) Group segment for Corporates with around 39% market dominated by PSU insurers
2) Retail segment, with around 50% market, which has seen relatively higher growth
3) Government segment, which forms around 11% of the market.

PERFORMANCE REVIEW

The strength of the ABHI business model was evident by its strong performance across financial and non-financial parameters in FY 21. ABHI continues to be the fastest growing health insurance company with gross written premium (GWP) at ₹1,301 Crore in FY 21, a growth of 49% year-on-year, covering 13.4 Million lives translating to a growth of 1.6x year-on-year in lives covered. Retail GWP grew by 49% and contributed to 72% of total GWP in FY 21.

In order to fulfil ABHI's purpose, "Empower and motivate families to prioritise their health and live fulfilling lives", it created a differentiated 'health first' business model by moving from the traditional 'buy and forget' to 'buy and engage'. This served as an enabler and influencer of customer health along with accomplishing the traditional role of funding healthcare expenses.

The differentiated core offerings like incentivised wellness with industry first 100% return of premium (HealthReturns™) along with a differentiated health and wellness framework emphasises a holistic health management approach, focusing on disease prevention and wellness management. The health-data based "WellBeing Score", which covers over 150 data points and enables to risk stratify its customers across high, medium and low risk, is now accessible to over 5.3 Lakh customers. This enables ABHI to provides holistic and hyper-personalized engagement to customers based on individual needs and health risk to attain healthier lives. ABHI is the first to enable a health and wellness ecosystem access to its customers including access to health coaches, telemedicine and mental wellness etc. This is a significant milestone and has led to increased customer stickiness and consequent improvement in persistency.

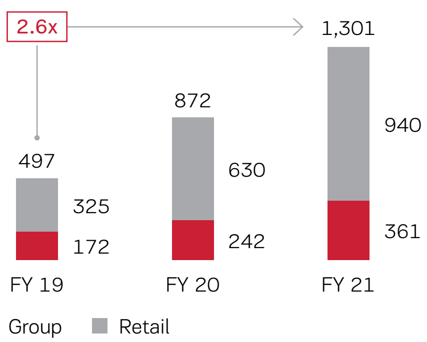
Since inception, ABHI has followed a multi-channel distribution model complemented by robust digital strategy and an extensive network of industry-leading strategic partners, which significantly broadens its access to potential new customers. ABHI has expanded its footprint from 2000+ locations in FY 20 to 2,800+ locations in FY 21. The agency network consists of 42,800+ agents across 140 locations. The bancassurance channel with 9 bank partners providing access to 14,000+ branches has delivered very strong growth in FY 21, contributing to 64.2% of retail GWP. ABHI has proven digital capability of providing multi-million byte-sized products with 38+ digital partners and 50+ byte-size products.

Management Discussion and Analysis (Contd.)

Gross Written Premium (GWP)

(All figures in ₹ Crore)

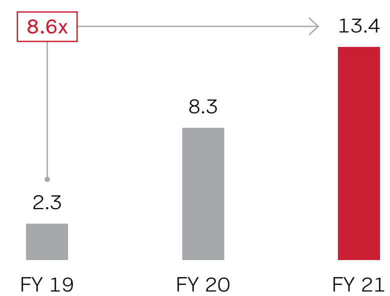
GWP growth at 49% Y-o-Y
Retail GWP grew to 1.5x of PY (Retail Mix at 72%)



Lives Covered

(Million)

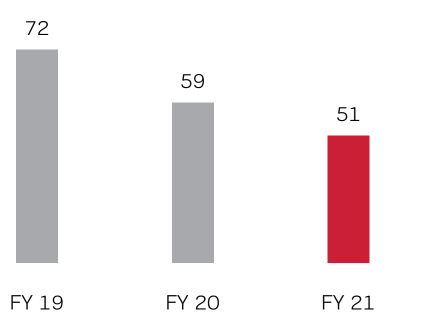
Lives covered grew at 61% Y-o-Y
9.8 Mn+ through rural & micro/ byte-sized products



Claims Ratio

(%)

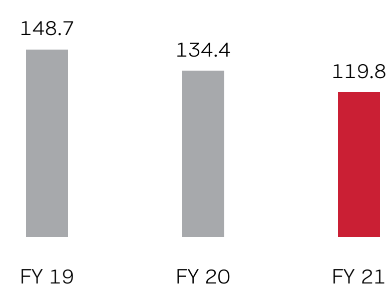
Holistic health risk management



Combined Ratio

(%)

Q4 FY21 exit combined ratio at 106.6%
Combined Ratio trending as per plan



In terms of the service delivery model, ABHI has built an industry-first tech-enabled Health and Wellness ecosystem to provide a seamless experience throughout the customer journey, from sales to servicing. ABHI has empanelled 8,670+ hospitals to enable cashless services across 880+ cities.

A part of the unique and differentiated "Health First" model is anchored in differentiated core offering which focuses on incentivised wellness with Industry first 100% return of premium (HealthReturns™), including a comprehensive product suite catering to all customer segments and offerings ranging from small ticket size and byte-sized products to global health coverage products. This enabled market expansion including newer customer segments, such as young customers and people with lifestyle conditions. In the process, ABHI has enhanced its retail product suite and is focused on diversifying it to capture the market currently untapped by the industry. Its product suite includes key products like Activ Care, Activ Health, Activ Assure, Activ Secure, Activ Secure, 1 Cr. Super Health Plus Top-Up and Global Health Secure. Majority of the products have a presence across both retail and group platforms.

ABHI has prioritised customer experience by creating a suite of digital assets with end-to-end customer journeys, enabling digital self-servicing and digital engagement through incentivised wellness and holistic health management. The health management program provides hyper-personalised engagement in the form of recommendations by leveraging the health ecosystem created thus far to improve customer health outcomes.

In FY 21, ABHI experienced volatility on account of COVID-19 claims since Q3 FY21 and increase in overall costs of NON-COVID claims on account of protocols. ABHI have introduced prudent measures to manage the claims through robust underwriting and risk selection, provider and tariff management, effective treatment and case management. ABHI have further strengthened our Fraud Waste and Analytics (FWA) model and implemented analytics led FWA claim model to detect fraud and anomalies and achieved savings in Claims Fraud.

The quality of the book remains healthy. This is demonstrated by the claim and combined loss ratio, which has significantly reduced year-on-year. The overall claim ratio has reduced to 51% in FY 21, against 59% in FY 20, while the combined ratio has reduced to 119.8% compared to 134.4% in the previous year. ABHI have achieved a combined ratio of 106.6% in Q4 FY21.

In FY 21, ABHI underwrote a gross premium of ₹1,301 Crore compared to ₹872 Crore in FY 20. The retail business contributed ~72% of the total GWP in FY 21, of which 98% was issued through the digitally enabled mode. ABHI posted a net ₹199 Crore loss in FY 21 in funding new business growth and creating a distribution network.

OUTLOOK

Healthcare has become one of India's largest sectors both in terms of revenue and employment. It is growing at a remarkable pace owing to increased digital adoption, wide coverage, increasing variety of services and increasing expenditure by public as well as private players. With challenges in other retail lines of business, General Insurers have aggressively started pursuing the health opportunity.

The strategy remains focused on driving profitable growth that is entrenched in the purpose of motivating Indian families to live healthy and fulfilling lives. Going forward, ABHI will focus on customer acquisition and retention at scale; Health Risk (Claims Ratio) and Combined Ratio Management and Health Management. These will be the key pillars to drive value accretive growth. ABHI will strive to achieve this objective on the back of well-diversified distribution networks and strong capabilities around tech-enabled digital health ecosystem and incentive-based wellness framework through partners and digital assets.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Retail Premium	940	630
Group Premium	361	242
Gross Written Premium	**1,301**	**872**
Revenue	1,214	803
Combined Ratio	119.8%	134.4%
Profit Before Tax (IND AS)	**(199)**	**(246)**

Note: Financials for Aditya Birla Health Insurance include Aditya Birla Wellness Private Limited

ADITYA BIRLA INSURANCE BROKERS LIMITED (GENERAL INSURANCE ADVISORY)

Aditya Birla Insurance Brokers Limited (ABIBL) owned 50% by your Company is a leading composite general insurance intermediary, licensed by the Insurance Regulatory and Development Authority of India (IRDAI). The Company specialises in providing general insurance broking and risk-management solutions for corporates and individuals alike. The Company also offers reinsurance solutions to insurance companies and has developed enduring relationships with Indian and global insurers operating in India, South Asia, the Middle East and Southeast Asia.

INDUSTRY OVERVIEW

The total General Insurance industry recorded premium of ~₹1.99 lakh Crore in FY 21, growing 6% year-on-year from ₹1.85 lakh Crore in FY 20. This was largely led by growth in Fire, Motor TP, Health Insurance (Retail & Group Insurance) and Crop Insurance. The national lockdown due to COVID-19 has had a significant impact across lines of business with de-growth in Motor, Marine Cargo, Crop and Credit Insurance. Motor business, however, continues to be the largest general insurance segment with a market share of 33%.

PERFORMANCE REVIEW

Aditya Birla Insurance Brokers Limited (ABIBL) has been consistently performing. Its premium placement grew by 14% year-on-year from ₹4,242 Crore in FY 20 to ₹4,852 Crore in FY 21. The main contribution to premium placement, the Motor Insurance segment, grew by 15% year-on-year. The market share in direct non-life industry premium has shown marginal growth from 2.21% to 2.37%.

ABIBL's revenue grew by 15% from ₹515 Crore to ₹591 Crore and profit before tax increased by 68% from ₹42 Crore in FY 20 to ₹71 Crore in FY 21. ABIBL delivered robust Return on Equity at 52% in FY 21 over 43% in the previous year.

OUTLOOK

Despite the robust growth over the years, penetration and density have continued to remain low.

ABIBL will continue to focus on expanding its customer base in a cost-effective manner to grow its business. Various initiatives have been implemented for growth of the motor insurance business, with an increased focus on targeting renewal and rollover policies. Emphasis is being laid on enhancing corporate business by targeting corporate clients through a sector-specific approach. Further, ABIBL aims to utilise the post-COVID scenario to capitalise and build on its digital assets, which are used across all lines of business by several stakeholders.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Premium Placement	4,852	4,242
Revenue	591	515
Profit Before Tax	71	42

ADITYA BIRLA MONEY LIMITED (STOCKS & SECURITIES)

Aditya Birla Money Limited (ABML) which is 74% owned by your Company, offering equity and derivative trading through the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), besides Currency Derivative on (MCX-SX). It is registered as a Depository Participant with both NSDL and CDSL, and provides commodity trading on MCX and NCDEX. ABML launched end-to-end Aadhar-based paperless e-KYC platform for account opening and onboarding.

INDUSTRY OVERVIEW

Despite one of the most challenging years, the Indian stock markets registered their best financial year performance in a decade with Nifty up 71%. The rally was supported by Foreign Portfolio Investors who pumped in a record ~$37 Billion on expectation of improvement in the economy. Another key driver of the market rally has been retail investors, as demat account penetration stood at 4.1% in FY 21 over 3.1% in FY 20 implying growth of ~32% with retail investors accounting for ~45% of trading turnover. This also triggered an upswing in the mid and small-cap indices which rallied 91% and 115%, respectively.

The Broking Industry witnessed a spectacular FY 21 in terms of Average Daily Turnover (ADTO) with stocks rebounding swiftly from their March 2020 lows. Cash ADTO surged over 60% year-on-year as many first-time retail investors started trading. Record Foreign Institutional Investor flows also led to the surge in volumes. The regulator’s move to ask for upfront margin for all trades in the cash segment from September 2020 did depress the turnover in September and October, but volumes increased in November. With returns for several other asset classes looking less attractive, retail investors choose to invest directly in equities.

PERFORMANCE REVIEW

ABML recorded revenue of ₹192 Crore for FY 21 compared to ₹171 Crore during the previous year, an increase of 13%, led by higher broking income. The Profit Before Tax stood at ₹22 Crore for the year ended 31st March 2021 as compared to ₹17 Crore in the previous year, an increase of 36%. ABML delivered Return on Equity at ~40% in FY 21.

OUTLOOK

Going forward in FY 22, the Indian markets will await the future pattern of COVID-19, the smooth expansion of the vaccination drive, recovery in corporate earnings, acceleration of both public and private capex and the Government's privatisation and divestment drive. Successful privatisation of a few Public Sector Undertakings will aid sentiment and provide the Government with resources to boost the economy. The broking industry will look for sustenance of the direct investing trend and growth in trading volumes leveraging the various technological tools available to make market access for customers easier.

ABML will continue to focus on technology, drive client acquisition, widen its business partner network, rationalise cost and provide efficient trading tools and value-added research advice to clients. The overall strategic focus is to grow customers, revenues and profits by creating differentiators.

KEY FINANCIALS

(Figures in ₹ Crore)

Key Performance Parameters	FY 20-21	FY 19-20
Number of Customers (Active)	1.2 lakh	1.0 lakh
Revenue	192	171
Profit Before Tax	22	17

HUMAN RESOURCES

At Aditya Birla Capital Limited ('ABCL') and its Subsidiaries, the biggest asset is our employees. We have always aspired to be an organisation and a workplace committed to helping its people gain varied experiences, accomplish challenging assignments, learn continuously and build their careers while delivering for stakeholders. Our philosophy of building leaders from within continues to guide our actions towards identifying, developing, and nurturing talent. With greater emphasis on futuristic thinking, digital mindset and customer-first approach, we have made some shifts towards developing our people for the future. A base of over 22,500 employees with 71% millennials consists of a mix of people from diverse backgrounds, educational qualifications and a wealth of experience from various industries.

Aditya Birla Capital Limited along with its Subsidiaries also has a healthy gender diversity with 27% of its workforce comprising women. The talent management process is run through talent councils both at an apex and at business level. The learning and development interventions are geared towards providing employees a platform for continuous learning opportunities and keeping them abreast with the latest developments on regulatory and business issues. Apart from classroom and on-the-job learning modules, employees are also provided opportunities for self-learning through a digital interface, which hosts a variety of content. Owing to constant employee engagement initiatives, we also featured amongst the best places to work. ABCL has been recognised amongst the top 25 dream employers across India's Top B School Campuses conducted by insideiim.com. ABCL was also awarded the learning and development excellence award by Business World, 2020.

RISK MANAGEMENT

In a rapidly changing economic, regulatory and financial environment, ABCL continued to leverage on its strong risk management capabilities during FY 21. The approach to risk management is to understand, monitor and mitigate known risks and to proactively identify emerging risks in the context of the overall economic environment.

Due to the varied nature of various businesses under its fold, there is no 'one-size-fits-all' approach towards risk management. Each subsidiary carries out its own assessment of credit, market and operational risks, which is subjected to oversight, control and governance exercised at a central level to ensure that the financial conglomerate risk is managed effectively.

An overview on the Risk Management Structure and our approach as a Group is presented separately in the non-statutory section of this annual report.

INTERNAL CONTROL SYSTEMS

The Company and its subsidiaries has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan covers process audits of different functions. The audits are carried out by independent external firm. The audit plan is approved by the Audit Committee, which regularly reviews compliance.

The recent circular by the RBI on 7th January 2021 issued for Banks and on 3rd February 2021 for NBFCs and Urban Co-operative banks (UCB) highlighting the upgradation of internal audit practices to Risk Based Internal Audit (RBIA) framework is a welcome change for the NBFC industry, clearly indicating direction of the regulations emphasizing the independence and authority of the internal audit function as well as the need to upgrade key methodologies in risk assessment and reporting, to continually enhance the risk and control governance environment. As the Company had already embedded the risk-based approach in internal audit over the years, the specific new stipulations as needed to be incrementally adopted are being taken up for implementation over the timeframe given by the regulator.

CAUTIONARY STATEMENT

Certain statements made in this Management Discussion and Analysis may not be based on historical information or facts and may be 'forward-looking statements' within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans and strategy of Aditya Birla Capital Limited ('ABCL', 'The Company' or 'Your Company'), future outlook and growth prospects, competition and regulatory environment, and the management's current views and assumptions which may not remain constant due to risks and uncertainties and hence, actual results may differ materially from these forward-looking statements.

This Management Discussion and Analysis does not constitute a prospectus, offering circular or offering memorandum, or an offer to acquire any of the Company's equity shares or any other security, and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares. The Company, as such, makes no representation or warranty, express or implied, as to and does not accept any responsibility or liability with respect to the fairness, accuracy, completeness or correctness of any information or opinions contained herein.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events or otherwise. Unless otherwise stated in this Management Discussion and Analysis, the information contained herein is based on the management information and estimates. The financial figures have been rounded off to the nearest Rupee One Crore. The events and developments up-to 31st March 2021 have been covered in the Management Discussion and Analysis

Board's Report

Dear Members,

The Board of Directors of Aditya Birla Capital Limited ("your Company" or "the Company" or "ABCL") is pleased to present the 14th (fourteenth) Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended 31st March 2021 ("financial year under review").

FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Statements are detailed hereunder.

Your Company's financial performance for the financial year ended 31st March 2021 as compared to the previous financial year ended 31st March 2020 is summarised below:

(₹ In Cr)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	**2020-21**	2019-20
Revenue from operations	**19,247.79**	16,691.18	**107.89**	199.82
Profit before share of Joint Venture Companies, exceptional items and Tax	**1,277.28**	1,038.81	**72.29**	56.82
Share of Profit / (Loss) of Joint Venture Companies	**268.41**	250.92	**-**	-
Exceptional Items	**-**	(9.99)	**-**	(29.17)
Profit / (Loss) before Tax	**1,545.69**	1,279.74	**72.29**	27.65
Tax Expense	**440.04**	413.63	**(0.74)**	(2.20)
Profit / (Loss) after Tax Attributable to:	**1,105.65**	866.11	**73.03**	29.85
Owners of the Company	**1,126.54**	919.78	**73.03**	29.85
Non-Controlling Interest	**(20.89)**	(53.67)	**-**	-
Other Comprehensive Income Attributable to:	**60.19**	74.63	**0.25**	(0.46)
Owners of the Company	**26.57**	24.18	**0.25**	(0.46)
Non-Controlling Interest	**33.62**	50.45	**-**	-
Total Comprehensive Income Attributable to:	**1,165.84**	940.74	**73.28**	29.39
Owners of the Company	**1,153.11**	943.96	**73.28**	29.39
Non-Controlling Interest	**12.73**	(3.22)	**-**	-
Profit / (Loss) attributable to owners of the Company	**1,126.54**	919.78	**73.03**	29.85

The above figures are extracted from the Consolidated and Standalone Financial Statements prepared in accordance with Indian Accounting Standards ("IND AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

For the financial year ended 31st March 2021, on a Standalone basis revenue of the Company was ₹ 107.89 Crore and Net Profit was ₹ 73.03 Crore.

Key Highlights of the Company's Consolidated performance for the financial year ended 31st March 2021 are as under:

- Strong growth across businesses leading to delivery of highest ever consolidated profit despite a Covid-hit year
- Consolidated Revenue: ₹ 19,248 Crore (grew 15% year on year)
- Consolidated Net Profit: ₹ 1,127 Crore (grew 22% year on year)
- Active customer base at 24 million (grew 22% year on year) aided by focus on granular retail growth across all businesses of the subsidiaries
- Overall AUM across asset management, life insurance and health insurance at over ₹ 3,35,000 Crore (grew 10% year on year)

- Overall lending book (NBFC and Housing Finance) at ~ ₹ 60,000 Crore (grew 2% year on year)
- Gross premium (across Life and Health Insurance) at ₹ 11,076 Crore (Grew 25% year on year)

The financial results of the Company and major Subsidiaries are elaborated in the Management Discussion and Analysis Report, which forms part of this Annual Report.

ACCOUNTING METHOD

The Consolidated and Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards as notified under Sections 129 and 133 of the Act read with the Companies (Accounts) Rules, 2014, as amended and other relevant provisions of the Act.

In accordance with the provisions of the Act, applicable Accounting Standards, the SEBI Listing Regulations, the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March 2021, together with the Auditors' Report forms part of this Annual Report.

The Audited Financial Statements (including the Consolidated Financial Statements) of the Company as stated above and the Financial Statements of each of the Subsidiaries of the Company, whose financials are consolidated with that of the Company, are available on the Company's website at https://www.adityabirlacapital.com/Investor-Relations.

MATERIAL EVENTS DURING THE YEAR

Impact on the Business Continuity of the Company and Subsidiaries amidst the spread of COVID-19

The outbreak of COVID-19 pandemic has severely impacted social and economic activities across the World. WHO has declared COVID-19 as a global Pandemic. The Government of India, as a preventive measure to contain the spread of COVID-19 and to flatten the curve, declared a nationwide lockdown from 24th March 2020 and took various measures to control the spread of infection.

The continual disruptions caused by the COVID-19 pandemic and frequent lockdowns led to a difficult situation. The Company and its Subsidiaries responded proactively to these challenges posed by lockdown by activating their respective Business Continuity Plans (BCP). As a result, all the critical activities could be managed with employees working from home with the required controls being in place.

The Company and its Subsidiaries have since been able to reduce the impact of lockdown by taking a slew of measures including digitally enabling the front end sales force, all support functions working from Home, reducing costs, etc. Overall, the Company and its Subsidiaries could ensure seamless servicing of customers without any major issues during the crisis through constant focus on a robust digital strategy. The details of BCP with reference to COVID-19 are covered comprehensively under the Business Continuity section.

HOLDING/SUBSIDIARIES/JOINT VENTURES/ ASSOCIATES COMPANIES

Holding Company

During the financial year under review, Grasim Industries Limited continued to remain the Holding Company of your Company. Grasim Industries Limited is listed at BSE Limited and National Stock Exchange of India Limited. As per Regulation 16(c) of SEBI Listing Regulations, your Company is considered as a Material Subsidiary of Grasim Industries Limited.

Subsidiaries

As a Core Investment Company, the Company is primarily a Holding Company and holds investments in its Subsidiaries. The Company conducts its business through its Subsidiaries in the various business segments in which they operate. As on 31st March 2021, the Company had 19 (Nineteen) Indian Subsidiaries and 6 (Six) Foreign Subsidiaries (including step down Subsidiaries).

Provisions of Regulations 24 and 24A of SEBI Listing Regulations, with reference to Subsidiaries were duly complied to the extent applicable.

During the financial year under review, the major changes with respect to the Subsidiaries of your Company were as under:

- Aditya Birla Sun Life AMC Limited ("ABSLAMC"), a material subsidiary of the Company, filed a draft red herring prospectus ('DRHP') dated 19th April 2021 with the Securities and Exchange Board of India for an initial public offering by way of an offer for sale ("IPO") of up to 3,88,80,000 equity shares of face value of ₹5 each constituting up to 13.50% of the paid-up share capital of ABSLAMC, subject to relevant approvals as required and other considerations. The above IPO comprises of an offer for sale of up to 28,50,880 equity shares of face value of ₹5 each held by your Company in ABSLAMC.
- Pursuant to Regulation 24(5) of the SEBI Listing Regulations, approval of the Members of the Company by way of special resolution is being sought through postal ballot notice dated 7th May 2021 for potential dilution, sale of stake or reduction of shareholding of the Company to less than or equal to fifty percent of the paid up capital in Aditya Birla Sun Life AMC Limited, as may be applicable on such terms and

conditions as deemed fit by the Board of Directors. The result of the above postal ballot shall be announced on or before 11th June 2021. Further details are provided in the Corporate Governance Report which forms part of this Annual Report.

- Aditya Birla Capital Investments Private Limited, a non-material subsidiary of the Company, was voluntarily struck off from the Registrar of Companies being non-operational and inoperative, with effect from 25th February 2021 and hence ceased to be a subsidiary of the Company.

MATERIAL SUBSIDIARIES

As required under Regulations 16(1)(c) and 46 of the SEBI Listing Regulations, the Board has approved and adopted the Policy for determining Material Subsidiaries. The Policy is available on the Company's website at https://www.adityabirlacapital.com/Investor-Relations/Policies-and-Codes.

During the financial year under review, Aditya Birla Sun Life Insurance Company Limited, Aditya Birla Finance Limited, Aditya Birla Sun Life AMC Limited and Aditya Birla Housing Finance Limited were the material subsidiaries of the Company as per Regulation 16(1)(c) of the SEBI Listing Regulations.

JOINT VENTURES/ ASSOCIATES

As per the provisions of the Act, the Company did not have any Joint Ventures/ Associates during the financial year under review.

REGISTRATION AS A CORE INVESTMENT COMPANY ("CIC") refer footnote

The Company is registered as a Non-Deposit taking Systemically Important - Core Investment Company ("CIC-ND-SI") pursuant to the receipt of Certificate of Registration from the Reserve Bank of India dated 16th October 2015, under Section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and Master Direction – Core Investment Companies (Reserve Bank) Directions 2016 as amended ("RBI Master Directions").

TRANSFER TO RESERVES

For the financial year ended 31st March 2021 an amount of ₹14.66 Crore was transferred to Special Reserve in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

DIVIDEND

Your Directors do not recommend any dividend for the financial year under review. In terms of the provisions of Regulation 43A of the SEBI Listing Regulations, your Company has formulated and adopted a Dividend Distribution Policy. The policy is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

SHARE CAPITAL

As on 31st March 2021, the Company's paid-up Equity Share Capital was ₹24,15,27,79,780 divided into 2,41,52,77,978 Equity Shares of ₹10 each.

During the financial year under review, the Company allotted 4,31,754 Equity Shares pursuant to exercise of Stock Options and Restricted Stock Units granted under ABCL Incentive Scheme for Stock Options and Restricted Stock Units – 2017 and 10,85,516 Equity Shares pursuant to exercise of Stock Options, Restricted Stock Units and Performance Restricted Stock Units granted under Aditya Birla Capital Limited Employee Stock Option Scheme 2017 respectively ("ESOP Schemes").

Pursuant to the allotment of Equity Shares under the aforesaid ESOP Schemes, the paid-up Equity Share Capital of the Company increased from ₹24,13,76,07,080 as on 31st March 2020 to ₹24,15,27,79,780 as on 31st March 2021.

Mr. Amber Gupta, Company Secretary and Compliance Officer of the Company has been appointed as the Nodal Officer and Mr. Pramod Bohra, Joint Vice President, has been appointed as the Deputy Nodal Officer for and on behalf of the Company for the purpose of verification of claims and co-ordination with Investor Education and Protection Fund Authority.

Their details are available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/shareholder-centre.

DEPOSITORY

As on 31st March 2021, out of the Company's paid-up Equity Share Capital comprising of 2,41,52,77,978 Equity Shares, 2,38,45,52,256 Equity Shares (98.73%) were held in dematerialised mode.

The Company's Equity Shares are compulsorily tradable in electronic form.

RESOURCE MOBILISATION

During the financial year under review, no funds have been mobilised by way of Non-Convertible Debentures (NCD), Term Loans / Working Capital Demand Loan (WCDL) from banks or through Commercial Paper.

(Statutory Disclaimer: Please note that RBI does not accept any responsibility or guarantee of the present position as to the financial soundness of the Company or the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/ discharge of liabilities by the Company.)

INVESTMENT IN SUBSIDIARIES

During the year under review, the Company subscribed to equity share capital in the following Subsidiaries:

Name of Subsidiary	Amount of capital Infused (Equity shares) (₹ in Cr)
Aditya Birla Health Insurance Co. Limited	163.20
ABCAP Trustee Company Private Limited	0.02

Further, details of investment in subsidiaries are stated in the notes to the financial statements forming part of this Annual Report.

CREDIT RATING

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year under review.

However the Company has continued to avail the below ratings from Credit Rating agencies to meet any unforeseen fund requirements and ensure continuation of ratings through any of the following instruments:

(₹ In Cr)

Sr. No.	Nature of Instrument	Name of the Instrument	Name of Credit Rating Agency	Amount Rated	Current Rating
1	Short Term Instrument	Commercial paper	CRISIL	300	A1+
2	Short Term Instrument	Commercial paper	ICRA Ltd	300	A1+
3	Long Term Instrument	Non-Convertible Debenture	ICRA Ltd	200	AAA

PUBLIC DEPOSITS

The Company, being a Non-Deposit taking Systemically Important Core Investment Company, has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The Company is registered as a Core Investment Company with Reserve Bank of India. Thus, particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are not applicable to the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

As the Company is a Core Investment Company carrying out its activities through its Subsidiaries, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

However, some of the steps taken by the Company along with its Subsidiaries for conservation of energy include:

- The Company and its Subsidiaries are committed to reducing negative environmental impact.
- The Company along with Subsidiaries tied up with ViaGreen, an organization that helps us in waste management and recycling.
- Most of the offices of the Company and its subsidiaries have installed LED lights making them very energy-efficient. Further, our first rooftop solar panel was installed at Bengaluru offices. Similar renewable energy installations in other office buildings will be taken up in future.
- As a step towards further reducing the environmental impact, the documents for Board and Committee meetings of the Subsidiaries are transmitted electronically using a secure web-based application, thereby saving paper.
- The energy saving measures also include selecting and designing offices to facilitate maximum natural light utilisation, video-conferencing facilities across all offices to reduce the need of employee travel, digital learning initiatives for employees, optimised usage of lights and continuous monitoring and control of the operations of the air conditioning equipment as well as elimination of non-recyclable plastic in offices.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was ₹0.51 Crore as compared to ₹0.17 Crore, during the previous financial year.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached as **Annexure I** to this report.

Details as required under Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided upon request by a Member. In terms of the provisions of Section 136(1) of the Act, the Annual Report is being sent to all the Members of your Company whose email address(es) are registered with the Company / Depository Participants via electronic mode, excluding the aforesaid details which shall be made available for inspection by the Members via electronic mode. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard or send an email to abc.secretarial@adityabirlacapital.com.

BUSINESS RESPONSIBILITY REPORT

Your Company forms part of the top 1000 listed entities on BSE Limited and National Stock Exchange of India Limited as on 31st March 2021. Accordingly pursuant to Regulation 34(2) of SEBI Listing Regulations, Business Responsibility Report forms part of this Annual Report, describing the initiatives taken by the Company and its Subsidiaries from environmental, social and governance perspective. The report is also available on your Company's website at https://www.adityabirlacapital.com/%20investor-relations/financial-reports.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year up to the date of this Report.

CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby and acting as a retention tool.

In view of the above, your Company had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company and its Subsidiaries.

Your Company also adopted "ABCL Incentive Scheme for Stock Options and Restricted Stock Units – 2017" ("ABCL Incentive Scheme"), pursuant to the Composite Scheme of Arrangement between erstwhile Aditya Birla Nuvo Limited and Grasim Industries Limited and the Company and their respective Shareholders and Creditors.

The aforesaid ESOP Schemes are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Your Company also adopted "Aditya Birla Capital Limited Stock Appreciation Rights Scheme 2019" ("SARs Scheme 2019"), which is a cash based plan linked to the actual stock price movement over the plan tenure. Further details on the same are provided in the Corporate Governance Report which forms part of this Annual Report.

There were no material changes made to the aforesaid schemes during the financial year under review.

The details/disclosure(s) on the aforesaid Employee Stock Option Scheme(s) as required to be disclosed under the SEBI (Share Based Employee Benefits) Regulations, 2014 are available on the Company's website at https://www.adityabirlacapital.com/investor-relations/financial-reports.

Certificates from the Statutory Auditors on the implementation of your Company's Employee Stock Option Scheme(s) will be made available via electronic mode at the ensuing 14th (Fourteenth) Annual General Meeting ("AGM") of the Company for inspection by the Members.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to 34(2) of SEBI Listing Regulations, the Management Discussion and Analysis Report for the financial year under review forms part of this Annual Report.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report as stipulated under Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of this Annual Report. The requisite certificate from M/s. Makarand M. Joshi & Co., Practising Company Secretaries on compliance with the requirements of Corporate Governance is attached as **Annexure II** to the Board's Report.

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

A report on the performance and financial position of each of the Company's Subsidiaries as per Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, in the prescribed form AOC-1 is attached as **Annexure III** to the Board's Report.

RISK MANAGEMENT

Risk Management is at the core of our business and ensuring we have the right risk-return trade-off in line with our risk appetite is the essence of our Risk Management while looking to optimize the returns that go with that risk.

The Board has constituted a Risk Management Committee as required under Regulation 21 of the SEBI Listing Regulations to frame, implement and monitor the risk management plan of the Company

The objectives and scope of the Risk Management Committee broadly include:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

The Management Discussion and Analysis Report sets out the risks identified and the mitigation plans thereof.

The financial year 2020-21 witnessed disruption and challenges due to the pandemic and consequent lockdowns. The Company and its Subsidiaries showed good resilience due to the strong Business Continuity Plan and Pandemic Plans in place.

The Company is a Core Investment Company ("CIC") and its operations are limited to those of a CIC. The risks therefore largely relate to investments made in its Subsidiaries. The operations of each of the Subsidiaries, the risks faced by them and the risk mitigation tools used to manage them are reviewed periodically by their Risk Management Committees and Board of Directors. The same are also reviewed by the Risk Management Committee and Board of Directors of the Company.

Over the years, the Company and its Subsidiaries have built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The Company was able to face the unprecedented challenges during the year and emerged stronger during these turbulent times due to some of these policies and frameworks.

All the Subsidiaries of the Company have well-established Risk Management frameworks designed to identify, assess, monitor and mitigate risks inherent in the business. The framework enables effective risk management through a structure of Committees, policies, internal controls and reporting.

The organizational structure to manage the risk consists of "Three lines of defense":

First is: Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;

Second is: Risk Oversight including the Risk and Compliance Function and Risk Management Committee

Third is: Independent Assurance through Internal Audit, conducted by Independent Internal Auditors, whose work is reviewed by the Audit Committee.

Risk Management Committee, Asset Liability Management Committee, Investment Committee and Audit Committee have been set-up to ensure monitoring of risks and Governance as applicable. These Committees are prima facie governed by their Charters.

The Company has in place a Risk Management Policy which has been uploaded on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

Business Continuity

The Company and its Subsidiaries have a well-documented Business Continuity Management Programme which has been designed to ensure continuity of critical processes during any disruption.

The continual disruptions caused by the COVID-19 pandemic and frequent lockdowns tested the Business Continuity Policy of the Company. Nevertheless, it continued to operate in line with the procedures outlined in its Business Continuity Plan, which was modified to take care of the evolving situation and a Pandemic Plan was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines. As a result, your Company and its Subsidiaries were able to continue to operate and serve customers while taking care of the health of their employees.

To manage the impact of the pandemic on the Company, a Crisis Management Team (CMT) comprising of Leadership Team members and led by the Chief Executive Officer of the Company was formed. The program was managed by Chief Compliance & Risk Officer with the support of other Leadership Team members.

The Risk team of each of the Subsidiaries coordinated with various business functions to implement the Work from Home plan for employees to ensure Business Continuity without dilution of controls.

Employees' health and safety was accorded top priority. Various steps were taken well before the lockdown to reduce congestion in office, maintain social distancing and enable Work from home for employees. Critical processes were identified, reviewed for work from home scenario and wherever required alternate controls were instituted. The work from home plan was tested well in advance and glitches ironed out. After announcement of the nation-wide lockdown, Work-from-Home (WFH) was fully enabled for all employees.

The Business Continuity Plan was also supplemented with a Business Normalisation plan.

This enabled the Company and its Subsidiaries to resume Business Operations wherever the conditions had normalised.

As the COVID-19 pandemic continues to evolve, the efforts will be to support an effective return to work while ensuring safety of employees, distribution partners and customers. The Company and its Subsidiaries expect the challenging times to continue for the next few months. However, it is well prepared to ensure stabilization and Business continuity.

In view of the increased move to digital, there was a continued focus on Cyber Security and the Company and its Subsidiaries continued to invest in a strong Cyber Defence Programme.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is not applicable.

Prior omnibus approval of the Audit Committee is obtained for Related Party Transactions ("RPTs") which are of a repetitive nature and entered into in the ordinary course of business and at arm's length. A statement on RPTs specifying the details of the transactions pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee.

Pursuant to Regulation 23(9) of SEBI Listing Regulations, 2015, disclosures of RPTs on a consolidated basis are submitted to the stock exchanges on a half-yearly basis and published on the Company's website https://www.adityabirlacapital.com/investor-relations/announcements-and-updates.

There were no material transactions entered into with related parties during the period under review, which may have had any potential conflict with the interests of the Company at large.

The details of contracts and arrangements with related parties of your Company for the financial year under review, are given in notes to the Standalone Financial Statements, which form part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

INTERNAL FINANCIAL CONTROLS

Your Company and its Subsidiaries have well-established internal control systems in place which are commensurate with the nature of its business and size and scale and complexity of its operations. Standard operating procedures (SOP) and Risk Control Matrices designed to provide a reasonable assurance are in place and are being continuously monitored and updated.

In addition to the above, internal audits are undertaken on periodic basis to independently validate the existing controls as per scope assigned to them. The Internal audit program is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate. Reports of the internal auditors are regularly reviewed by the management and corrective action is initiated to strengthen controls and enhance the effectiveness of existing systems. Significant audit observations, if any, are presented to the Audit Committee along with the status of management actions and the progress of implementation of recommendations.

Your Company along with its Subsidiaries also periodically engage outside experts to carry out independent review of the effectiveness of various business processes. The observations and best practices suggested are reviewed by the Management and Audit Committee and appropriately implemented with a view to continuously strengthen internal controls.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of your Company state that:-

i) in the preparation of the Annual Accounts for the financial year ended 31st March 2021, the applicable accounting standards have been followed and there were no material departures from the same;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2021 and of the profit/loss of the Company for financial year ended on that date;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors had prepared the Annual Accounts on a 'going concern basis';

v) the Directors had laid down Internal Financial Controls and that such Internal Financial Controls were adequate and were operating effectively; and

vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

APPOINTMENT/RE-APPOINTMENT / RESIGNATION OF DIRECTORS

As on 31st March 2021, the Board of Directors of your Company ("the Board") comprised 8 Directors including 1 woman Director.

Mr. Romesh Sobti (DIN: 00031034) was appointed as an Additional Director (Non-Executive) (Nominee of Jomei Investments Limited, Equity Investor) on the Board of your Company w.e.f 14th January 2021 and holds office till ensuing 14th (Fourteenth) Annual General Meeting and is eligible for appointment. Based on the recommendation of the Nomination, Remuneration and Compensation Committee of the Company, the Board recommends his appointment for the approval of the Members at the 14th (Fourteenth) Annual General Meeting.

Mr. Arun Adhikari (DIN: 00591057), Mr. P. H. Ravikumar (DIN: 00280010) and Mrs. Vijayalakshmi Iyer (DIN:05242960), Independent Directors, will complete their term of 5 years on 25th June 2022 and have given their consent for re-appointment for a second term of 5 years pursuant to the provisions of Section 149 of the Act and SEBI Listing Regulations

Mr. S. C. Bhargava (DIN: 00020021), Independent Director, will complete his tenure of 5 years on 31st August 2021 and has given his consent for re-appointment for a second term of 3 years pursuant to the provisions of Section 149 of the Act and SEBI Listing Regulations

Mr. P. H. Ravikumar will exceed seventy-five years of age during his proposed re-appointment for second term of five years. Mr. S. C. Bhargava during his present tenure exceeded seventy-five years of age for which approval was earlier obtained from Members vide resolution passed on 19th August 2019.

Based on the recommendation of the Nomination, Remuneration and Compensation Committee of the Company and being satisfied on the performance evaluation, considering the background and experience, the Board at its Meeting held on 14th May 2021 has recommended the re-appointment of Mr. Arun Adhikari, Mr. P. H. Ravikumar and Mrs. Vijayalakshmi Iyer as Independent Directors for a second term of five years and Mr. S. C. Bhargava for a second term of three years for the approval of the Members at the 14th (Fourteenth) Annual General Meeting by way of special resolution.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at https://www.adityabirlacapital.com/about-us/board-of-directors.

No Director has resigned from the Board during the financial year under review.

RETIREMENT BY ROTATION

Pursuant to Section 152 of the Act read with the Articles of Association of the Company, Mr. Sushil Agarwal (DIN: 00060017), Non-Executive Director retires from the Board by rotation and being eligible, offers himself for re-appointment at the 14th (Fourteenth) Annual General Meeting of the Company.

The Nomination, Remuneration and Compensation Committee of the Company and the Board of Directors have recommended the re-appointment of Mr. Sushil Agarwal.

All the Directors proposed to be appointed/re-appointed meet the fit and proper criteria stipulated under the Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016, as amended.

A detailed profile of the Directors seeking appointment / re-appointment is provided in the Notice of the 14th (Fourteenth) Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Ajay Srinivasan, Chief Executive Officer (CEO), Mrs. Pinky Mehta, Chief Financial Officer (CFO) and Mr. Amber Gupta, Company Secretary and Compliance Officer (w.e.f. 1st March 2021) are the Key Managerial Personnel of your Company. Mr. Sailesh Kumar Daga ceased to be the Company Secretary of the Company effective from the close of business hours on 28th February 2021.

FIT AND PROPER CRITERIA

All the Directors meet the fit and proper criteria stipulated under the Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016, as amended.

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of your Company comprises contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of your Company provided by them, amongst others.

Pursuant to the provisions of the Act and SEBI Listing Regulations and in terms of the Framework of the Board Performance Evaluation, the Nomination, Remuneration and Compensation Committee and the Board of Directors have carried out an annual performance evaluation of the Board, performance of various Committees of the Board, Individual Directors, and the Chairman. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report, which forms part of this Annual Report. The details of the programme for familiarisation of the Independent Directors of your Company are available on your Company's website at www.adityabirlacapital.com/about-us/board-of-Directors.

Outcome of the Evaluation

The Board of your Company was satisfied with the functioning of the Board and its Committees. The Committees are functioning well and besides covering the Committees' terms of reference, as mandated by applicable laws, important issues are brought up and discussed in the Committee meetings. The Board was also satisfied with the contribution of Directors in their individual capacities.

MEETINGS OF THE BOARD AND ITS COMMITTEES

Board

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 6 (Six) times on 5th June 2020, 7th August 2020, 5th November 2020, 30th December 2020, 5th February 2021 and 17th March 2021.

Further details on the Board, its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

Audit Committee

Your Company has constituted an Audit Committee with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act and SEBI Listing Regulations.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company.

Further details on the Audit Committee, its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

Your Company has constituted a Nomination, Remuneration and Compensation Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act and SEBI Listing Regulations.

Further details on the NRC,its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act, which is attached as **Annexure IV** to the Board's Report and the same is uploaded on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

Other Committees

The Board of Directors has also constituted the following Committees:

- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- PIT Regulations Committee
- IT Strategy Committee
- Asset Liability Management Committee
- Asset Monetization Committee

More information on all of the above Committees including details of its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act, the Annual Return in form MGT-7 for the Company for the financial year 2020-21 is available on the Company's website at https://www.adityabirlacapital.com/investor-relations/financial-reports.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended, M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) had been appointed as Statutory Auditors of the Company for a term of 5 (Five) years i.e. from the Tenth Annual General Meeting till the conclusion of Fifteenth Annual General Meeting of the Company.

The observation(s) made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

Reserve Bank of India ("RBI") has issued a circular ("Circular") dated 27th April 2021 on Guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The Circular has given flexibility to adopt these guidelines from H2 (second half) of FY 2021-22. The circular amongst other restrictions inter-alia stipulates that an Audit firm can be appointed as the Statutory Auditor for a period of 3 years only and thereafter, the next reappointment in the same entity will be possible only after a cooling period of six years. Industry representations are being made for seeking relaxations/ clarifications of this Circular.

Depending on the clarification/ relaxation, if any, received from RBI, information about continuation of existing Statutory Auditors (who have already completed tenure of four years) till the conclusion of Fifteenth Annual General Meeting of the Company or recommendation for the appointment of a new Statutory Auditor if any, shall be suitably provided in the Notice of 14th (Fourteenth) Annual General Meeting of the Company as applicable.

SECRETARIAL AUDIT AND SECRETARIAL COMPLIANCE REPORT

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Makarand M. Joshi & Co., Practising Company Secretaries, to conduct the Secretarial Audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. Makarand M. Joshi & Co., Company Secretaries, is attached as **Annexure V** to the Board's Report. The Secretarial Audit Report is self-explanatory.

Pursuant to Regulation 34(3) and Schedule V of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year under review will be submitted to the Stock Exchanges and uploaded on the website of the Company.

COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Act are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at https://www.adityabirlacapital.com/investor-relations/policiesand-codes.

During the financial year under review, your Company was not required to make any expenditure towards CSR projects, in absence of average net profit for three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Act. Accordingly, no CSR activity was undertaken by the Company. Considering that the Company was not required to contribute any amount towards CSR activities, report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has not been furnished.

Further details on the CSR Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Company has formulated a Whistle blower policy/ vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report, which forms part of this Annual Report.

The said policy is available on the Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place a policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment of women. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year under review, there were no complaints received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

RBI REGULATIONS

The Company has complied with all the regulations of RBI to the extent applicable as a Non-Deposit taking Systemically Important - Core Investment Company.

HUMAN RESOURCES

Your Company along with its Subsidiaries has always aspired to be an organization and a workplace which attracts, retains and provides a canvas for talent to operate. Our vision of being a leader and a role model in a broad based and integrated financial services business and a culture that is purpose driven gives meaning to our people.

We believe that meaning at work is created when people relate to the purpose of the organization, feel connected to their leaders and have a sense of belonging. Our focus stays strong on providing our people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with us in line with their aspirations.

As on 31st March 2021, the employee strength of the Company was 29 and along with the Subsidiaries it had 22,759 employees.

The workforce along with Subsidiaries comprises of more than **71%** millennials and **27%** women.

Talent Management

Your Company's and its Subsidiaries' philosophy of building leaders from within continues to guide the actions towards identifying, developing, and nurturing talent. With greater emphasis on futuristic thinking, digital mindset and customer-first approach while adhering to our culture and values, we have made some major shifts towards developing our people for the future of financial services.

In the last two years:

- more than 75% of employees in our talent pool have been covered in various development programs
- more than 82% of leadership requirements have been fulfilled internally
- around 500 employees across levels have moved into new or larger roles

Employee Wellness and Engagement

The health and wellbeing of our people have always been our top priority. Your Company along with its Subsidiaries has put in place robust processes for employee safety and support with 800 Flu Prevention Managers trained on safety protocols and assigned to check-in with employees and their families at regular intervals and supporting them when needed.

Availability of medical infrastructure and support systems were a huge challenge in the initial days of the pandemic and we devised a comprehensive support mechanism through which our employees were provided home testing support, on call doctor assistance, hospitalization support etc. A 24*7 helpline number was used for central dissemination of information and for employees to reach out for any help on the above.

A comprehensive wellness program was launched during the year which is aimed at helping employees improve their physical as well as emotional wellbeing. This will continue to be a key area of focus for the Company.

Your Company along with Subsidiaries also recognised the need to augment its efforts towards maintaining positivity in the workforce and keeping them engaged. Through internal social networks, leadership connect and digital events, your Company along with its subsidiaries focused on sustaining emotional connect and camaraderie among its employees.

The celebration of Aditya Birla Capital Day, the annual event to recognize excellence and exemplary performance of employees digitally is reflective of the culture of the Company and its Subsidiaries that focuses on connecting with and recognising the efforts of its people.

COVID Management

While we faced unprecedented challenges, the Company and its Subsidiaries were able to tide through the difficult times solely because of the collaborative efforts of teams across multiple businesses. We were early to transition all our employees across 850+ branches to working from home well before the national lockdown was announced in March 2020.

We were also amongst the first in the industry to open our offices and branches to welcome customers when the lockdowns were relaxed, indicative of our deep commitment towards them. Our preparations before reopening covered all aspects of safety for our customers and employees.

Learning

Your Company's and its Subsidiaries' philosophy is to provide every employee with continuous opportunities to learn & grow. Our learning interventions create an organisation wide impact as these are focused on enabling employees to do better at work.

An AI enabled learning app provides employees easy access to super personalized content that meets their unique individual requirements. 16,000 relevant courses, videos & webinars were hosted on Gyanodaya Virtual Campus (GVC) which is Aditya Birla Group's e-Learning platform for employees. Employees leveraged these resources to enhance their skills and knowledge.

Additionally, with 3000+ E Learning courses, 19K+ video based modules and 300 micro-learning modules our employees have the flexibility to learn anytime and from anywhere. While self-paced learning is available 24x7x365, one can also attend live virtual instructor led sessions through our in-house corporate university-ABC University. It creates and delivers need based learning solutions on behavior, sales effectiveness, functional and leadership development.

SUSTAINABILITY

Your Company along with its Subsidiaries designs and delivers products and solutions that enable its customers to meet their needs. In the process, the Company and its Subsidiaries contribute to the nation's inclusive and sustainable development agenda, with a special focus on responsible finance, as well as global sustainability goals. Driven by proven expertise and an unwavering focus on governance, we are embedding sustainability into every lending and investment decision, with a special focus on Environmental, Social and Governance (ESG) parameters. Our customers are at the heart of everything we do.

The detailed Sustainability Report will be made available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/sustainability-reports

SECRETARIAL STANDARDS OF INSTITUTE OF COMPANY SECRETARIES OF INDIA

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

CODE FOR PROHIBITION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulation 2015, as amended, the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

Further details on the same form part of the Corporate Governance Report.

AWARDS AND RECOGNITIONS

During the financial year under review, your Company and its Subsidiaries have been felicitated with awards and recognitions across various functional areas which has been elaborated under Awards and Recognitions section in this Annual Report.

OTHER DISCLOSURES

In terms of applicable provisions of the Act and SEBI Listing Regulations, your Company discloses that during the financial year under review:

i. there was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under Employee Stock Option Scheme referred to in this Report.

ii. there was no Scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

iii. there was no public issue, rights issue, bonus issue or preferential issue, etc.

iv. there was no issue of shares with differential rights.

v. there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund (IEPF).

vi. no significant or material orders were passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.

vii. there were no proceedings for Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

viii. there was no failure to implement any Corporate Action.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their appreciation for the support and co-operation extended by our various partners and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by all Statutory and Regulatory Authorities.

Your Board also acknowledges the support and contribution of Company's bankers, Stock Exchanges, Registrar of Companies, Depositories, the Reserve Bank of India, Securities and Exchange Board of India, Central and State Governments and other regulatory bodies and the shareholders who have always supported and helped the Company to achieve its objectives.

Your Directors place on record their appreciation for the exemplary contribution made by the employees of the Company and its Subsidiaries at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's and its Subsidiaries' growth.

By order of the Board of Directors
For **Aditya Birla Capital Limited**

Kumar Mangalam Birla
Chairman
DIN: 00012813

Place: Mumbai
Date: 14th May 2021

Annexure I

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. During the financial year under review, sitting fees were paid only to the Independent Directors of the Company for attending the Meetings of the Board of Directors and of the Committees of which they are Members. This remuneration, by way of fees, is not related to the performance or profit of the Company. In view of this, the ratio of remuneration of each Director to the median employees' remuneration is not computed.

ii. Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company during the financial year 2020-21 was as under:

Sr. No.	Name	Designation	% increase in remuneration in the Financial Year 2020-21
1	Mr. Ajay Srinivasan	Chief Executive Officer	-7.11% (Refer note 1)
2	Mrs. Pinky Mehta	Chief Financial Officer	Nil
3	Mr. Sailesh Daga	Company Secretary and Compliance Officer	Refer note 2
4	Mr. Amber Gupta	Company Secretary and Compliance Officer	Refer note 2

Notes: *[1]Payment made towards Variable Pay and Long-term incentive plan (LTIP/Deferred Compensation) is excluded. The decrease in remuneration of Chief Executive Officer was due to voluntary salary cut taken by him in the wake of COVID -19.*

[2]Mr. Sailesh Daga ceased to be the Company Secretary and Compliance Officer of the Company effective from the close of business hours on 28th February 2021 and Mr. Amber Gupta was appointed as the Company Secretary and Compliance Officer effective from 1st March 2021, and due to their association with the Company only for a part of the year, the same has not been mentioned.

iii. In the financial year 2020-21, there was no increase in the median remuneration of employees.

iv. As at 31st March 2021, there were 29 permanent employees on the rolls of the Company.

v. Average percentile increase made in the salaries of employees including that of the managerial personnel for the financial year 2020-21 was nil.

vi. It is hereby affirmed that the remuneration paid is as per the Executive Remuneration Philosophy/Policy of the Company.

Annexure II

Corporate Governance Compliance Certificate

To
The Members,
Aditya Birla Capital Limited,

We have examined the compliance of conditions of Corporate Governance by **Aditya Birla Capital Limited** ("the Company") for the year ended on 31st March 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, except as reported in Secretarial Audit report, we certify that to the extent applicable the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Makarand M. Joshi & Co**
Practising Company Secretaries

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533C000303754
Peer Review No: P2009MH007000

Place: Mumbai
Date: 14.05.2021

Annexure III

AOC-1

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed form AOC-1 relating to Subsidiaries for the year ended 31st March 2021

Part - A – Subsidiaries*

Sr. No	1	2	3	4	5
Name of Subsidiaries	Aditya Birla Finance Limited	Aditya Birla Housing Finance Limited	Aditya Birla Money Limited	Aditya Birla Insurance Brokers Limited	Aditya Birla Money Mart Limited
Date since when Subsidiary acquired	**22-Apr-10**	**31-Dec-12**	**23-Feb-10**	**15-Apr-10**	**06-Aug-09**
Currency	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Share Capital (Equity)	662.10	501.20	5.63	5.13	93.20
Other Equity	8,175.78	1,017.95	42.25	96.23	-0.82
Total Assets	50,755.17	12,375.78	883.42	248.42	217.92
Total Liabilities	41,917.29	10,856.63	835.54	147.06	125.54
Investments	792.91	101.20	256.49	48.15	102.18
Revenue from Operations	5,511.52	1,280.56	190.61	586.95	0.16
Profit/(Loss) before Tax	1,031.41	176.38	22.39	70.70	0.80
Tax Expenses	262.58	39.15	6.62	17.73	-0.10
Profit/(Loss) for the Year	768.83	137.23	15.77	52.97	0.90
Proposed/Interim Dividend	-	-	-	23.09	-
Percentage Holding as on 31st Mar 2021	100.00%	100.00%	73.80%	50.002%	100.00%
Exchange Rate as on 31st Mar 2021	-	-	-	-	-

Sr. No	6	7	8	9	10
Name of Subsidiaries	Aditya Birla Money Insurance Advisory Services Limited	ABCAP Trustee Company Private Limited	Aditya Birla Sun Life Trustee Private Limited	Aditya Birla Wellness Private Limited	Aditya Birla Financial Shared Services Limited
Date since when Subsidiary acquired	**06-Aug-09**	**25-Mar-16**	**10-Oct-12**	**23-Jun-16**	**03-Aug-09**
Currency	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Share Capital (Equity)	4.97	0.05	0.02	11.67	0.05
Other Equity	1.78	-0.04	1.24	7.17	1.22
Total Assets	9.06	0.02	1.37	23.43	107.16
Total Liabilities	2.31	0.01	0.11	4.59	105.89
Investments	-	-	1.23	7.53	0.01
Revenue from Operations	6.62	-	0.18	12.40	-
Profit/(Loss) before Tax	3.64	ß	0.16	-0.11	0.43
Tax Expenses	-	-	0.03	-	-
Profit/(Loss) for the Year	3.64	ß	0.13	-0.11	0.43
Proposed/Interim Dividend	-	-	-	-	-
Percentage Holding as on 31st Mar 2021	100.00%	100.00%	50.85%	51.00%	100.00%
Exchange Rate as on 31st Mar 2021	-	-	-	-	-

ß denotes figure is less than Rs. 50,000

** As per Companies Act 2013*

Sr. No	11	12	13	14	15	16	17	18
Name of Subsidiaries	Aditya Birla Health Insurance Co. Limited	Aditya Birla Sun Life Insurance Company Limited	Aditya Birla Stressed Asset AMC Private Limited	Aditya Birla Sun Life Pension Management Limited	Aditya Birla Trustee Company Private Limited	Aditya Birla Capital Technology Services Limited (formerly known as Aditya Birla MyUniverse Limited)	Aditya Birla PE Advisors Private Limited	Aditya Birla ARC Limited
Date since when Subsidiary acquired	**28-Mar-16**	**23-Mar-17**	**22-May-18**	**23-Mar-17**	**28-Nov-08**	**11-Dec-08**	**02-Jul-08**	**10-Mar-17**
Currency	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Share Capital (Equity)	360.39	1,901.21	14.80	39.00	0.05	1.80	3.50	100.00
Reserves and Surplus	36.51	497.02	5.14	-9.88	0.38	-37.53	1.02	26.15
Total Assets	1,495.99	54,527.25	25.27	31.15	0.45	12.75	5.15	485.79
Total Liabilities	1,099.09	52,129.02	5.33	2.03	0.02	48.48	0.63	359.64
Investments	1,237.97	52,615.09	11.43	27.16	0.44	-	3.28	430.36
Revenue from Operations	909.30	17,232.49	2.20	0.07	-	17.96	-	74.38
Profit/(Loss) before Tax	-197.66	117.95	2.14	-1.05	0.01	-3.17	-1.33	32.08
Tax Expenses	-	11.49	0.55	0.02	-0.01	-	-	8.08
Profit/(Loss) for the Year	-197.66	106.46	1.59	-1.07	0.02	-3.17	-1.33	24.00
Proposed/Interim Dividend	-	-	-	-	-	-	-	-
Percentage Holding as on 31st Mar 2021	51.00%	51.00%	100.00%	51.00%	100.00%	100.00%	100.00%	100.00%
Exchange Rate as on 31st Mar 2021			-	-	-	-	-	-

Sr. No	19	20		21		22	
Name of Subsidiaries	Aditya Birla Sun Life AMC Limited	Aditya Birla Sun Life AMC (Mauritius) Limited		Aditya Birla Sun Life Asset Management Company Pte. Ltd., Singapore		Aditya Birla Sun Life Asset Management Company Ltd., Dubai	
Date since when Subsidiary acquired	**10-Oct-12**	**10-Oct-12**		**10-Oct-12**		**10-Oct-12**	
Currency	₹ Crore	US$ in Mn	₹ Crore	SGD in Mn	₹ Crore	US$ in Mn	₹ Crore
Share Capital (Equity)	18.00	0.05	0.33	13.60	73.93	3.13	22.85
Reserves and Surplus	1,705.18	1.15	8.41	-7.09	-38.55	-2.21	-16.19
Total Assets	1,997.45	1.22	8.95	7.47	40.60	1.29	9.44
Total Liabilities	274.27	0.03	0.21	0.96	5.23	0.38	2.78
Investments	1795.27	-	-	0.00	0.00	-	-
Revenue from Operations	1,163.81	0.21	1.55	4.89	26.60	1.45	10.75
Profit/(Loss) before Tax	685.43	0.07	0.55	1.83	9.94	0.05	0.36
Tax Expenses	169.59	ß	0.02	-	-	-	-
Profit/(Loss) for the Year	515.84	0.07	0.53	1.83	9.94	0.05	0.36
Proposed/Interim Dividend	140.00	-	-	-	-	-	-
Percentage Holding as on 31st Mar 2021	51.00%	51.00%		51.00%		51.00%	
Exchange Rate as on 31st Mar 2021	-	BS - 73.1125,		BS - 54.3570,		BS - 73.1125,	
	-	P&L - 74.2146,		P&L - 54.3527,		P&L - 74.2146	

ß denotes figure is less than Rs. 50,000

** As per Companies Act 2013*

Annexure III (Contd.)

Notes

1 Aditya Birla Sun Life AMC Limited (ABSLAMC) holds 100% management shares of India Advantage Fund Limited (IAFL), having no beneficial interest or ownership on IAFL's income or gains as the same belongs to the investors of Collective Investment Schemes offered by IAFL. Similarly, Aditya Birla Sun Life Asset Management Company Pte Ltd., Singapore holds 100% management shares of International Opportunities Fund – SPC and New Horizon Fund SPC and by virtue of that it is a subsidiary of the Company. Hence these Companies are not included in AOC-1.

2 Aditya Birla Capital Investments Private Limited, subsidiary of the Company, was voluntarily struck off from the Registrar of Companies being non-operational and inoperative, with effect from 25th February, 2021 and hence ceased to be a subsidiary of the Company and accordingly its details are not included in AOC-1.

3 Aditya Birla Sun Life Pension Management Limited is a wholly owned subsidiary of Aditya Birla Sun Life Insurance Company Limited. Aditya Birla Money Insurance Advisory Services Limited is a wholly owned subsidiary of Aditya Birla Money Mart Limited. Aditya Birla Sun Life AMC (Mauritius) Limited, Aditya Birla Sun Life Asset Management Company Pte. Ltd., Singapore and Aditya Birla Sun Life Asset Management Company Ltd., Dubai are wholly owned Subsidiaries of Aditya Birla Sun Life AMC Limited.

PART B

Joint Ventures & Associates - Not Applicable

For and on behalf of the Board of Directors

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Ajay Srinivasan
Chief Executive Officer

Place: Mumbai
Date: 14th May 2021

Pinky Mehta
Chief Financial Officer

Amber Gupta
Company Secretary

Annexure IV

Executive Remuneration Philosophy/Policy

Aditya Birla Capital Limited ("the Company"), an Aditya Birla Group Company has adopted this Executive Remuneration Philosophy/ Policy as applicable across Group Companies. This Philosophy/ Policy is detailed below.

Executive remuneration philosophy/policy

At Aditya Birla Capital Limited, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy / Policy supports the design of programs that align executive rewards – including variable pay, incentive programs, long-term incentives, ESOPs, retirement benefit programs – with the long-term success of our stakeholders.

I. Objectives of the executive remuneration program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis.
2. Emphasise "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company;
2. Key Managerial Personnel: Chief Executive Officer and equivalent, Chief Financial Officer and Company Secretary; and
3. Senior Management.

III. Appointment criteria and qualifications

The Committee while making appointments to the Board assess the approximate mix of diversity, skills, experience and expertise. The Committee shall consider the benefits of diversity in identifying and recommending persons to Board membership and shall ensure no member is discriminated on the grounds of religion, race, origin, sexual orientation or any other physical or personal attribute.

IV. Business and talent competitors

We benchmark our executive pay practices and levels against peer Companies in similar Industries in India.

V. Executive pay positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long-term incentive pay-outs at target performance), ESOPs and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognise the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

VI. Executive pay-mix

Our executive pay-mix aims to strike the appropriate balance between key components:

1. Fixed Cash compensation (Basic Salary + Allowances)
2. Annual Incentive Plan
3. Long-Term Incentives
4. Perks and Benefits
5. ESOP's

Annual incentive plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/focus areas for the business.

Long-term incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long-term growth and act as a retention and reward tool.

We use RSU, ESOP's, SARS and cash plan as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stakeholder interests and for retention of key talent.

VII. Performance goal setting

We aim to ensure that for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 75% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Annexure IV (Contd.)

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, which is decided and approved on a yearly basis.

VIII. Executive benefits and perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other remuneration elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs keeping in mind the balance between risk and payout and a large portion of the variable remuneration is deferred spread over three to four years in line with the risk involved.

Claw back clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act, 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him/her as per restatement of financial statements pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination, Remuneration and Compensation Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy.

Annexure V

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
Aditya Birla Capital Limited
Indian Rayon Compound,
Veraval, GJ-362266
Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Capital Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act), and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; (External Commercial Borrowings and Overseas Direct Investment Not Applicable to the Company during the Audit Period)

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. (Not Applicable to the Company during the Audit Period);

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);

f. 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;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period) and;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (hereinafter called the 'Listing regulations')

During the period under review, other than regulation 18 (2) of Listing Regulation in one instance, the Company has fully complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc mentioned above.

Annexure V (Contd.)

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with all Master Directions, Master Circulars, Notifications, Guidelines issued by Reserve Bank of India to the extent applicable to the Company.

We further report that
The Board of Directors of the Company is duly constituted with proper balance of Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has allotted 15,17,270 Equity Shares under the Employee Stock Option Scheme of the Company.

For Makarand M. Joshi & Co.
Practising Company Secretaries

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533C000302632
Peer Review No: P2009MH007000

Place: Mumbai
Date: 14.05.2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To,
The Members
Aditya Birla Capital Limited
Indian Rayon Compound,
Veraval, GJ-362266
Gujarat.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The 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.

For **Makarand M. Joshi & Co.**
Practising Company Secretaries

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533C000302632
Peer Review No: P2009MH007000

Place: Mumbai
Date: 14.05.2021

Corporate Governance Report

OUR VISION

"To be a leader and role model in a broad-based and integrated financial services business."

Our customers place a lot of trust when they choose us as a partner for fulfilment of their needs - be it buying a dream home or investing their hard earned money in our mutual funds or for meeting their retirement or child's education or protection needs or taking a business loan for expansion. Our endeavor is to become a preferred financial services brand of choice for all our customers' needs across their life - a brand that customers will not only just trust but also happily endorse. Keeping this in mind, we have created a unique strategy & structure to present our spectrum of businesses and offerings under one brand. From a customer perspective, this offers simplicity and convenience. For our employees, we offer a world of opportunities across all our financial services businesses and to our shareholders, this gives the reassurance that we will attract and retain our customers, cost effectively, across their life-cycle needs while driving as much synergy as we can across the platform.

Your Company along with its subsidiaries continuously strives to achieve excellence in Corporate Governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

OUR VALUES

Integrity

Acting and taking decisions in a manner that is fair and honest. Following the highest standards of professionalism and being recognised for doing so. Integrity for us means not only financial and intellectual integrity, but encompasses all other forms as are generally understood.

Commitment

On the foundation of integrity, doing all that is needed to deliver value to all stakeholders. In the process, being accountable for our own actions and decisions, those of our team and those on the part of the organisation for which we are responsible.

Passion

An energetic, intuitive zeal that arises from emotional engagement with the organisation that makes work joyful and inspires each one to give his or her best. A voluntary, spontaneous and relentless pursuit of goals and objectives with the highest level of energy and enthusiasm.

Seamlessness

Thinking and working together across functional groups, hierarchies, businesses and geographies. Leveraging diverse competencies and perspectives to garner the benefits of synergy while promoting organisational unity through sharing and collaborative efforts.

Speed

Responding to internal and external customers with a sense of urgency. Continuously striving to finish before deadlines and choosing the best rhythm to optimise organisational efficiencies.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Our values provide us with our roots and they provide us with our wings."

Mr. Kumar Mangalam Birla,
Chairman, Aditya Birla Group

The Aditya Birla Group is one of the pioneers in the field of Corporate Governance. As a part of the Group, your Company is committed to continuously adopt and adhere to the best governance practices, to achieve the goal of making the Company a value-driven organisation.

During the financial year review, the Institute of Company Secretaries of India ("ICSI") conferred an Honorary Degree of the ICSI on Shri Kumar Mangalam Birla, Chairman of the Company and Aditya Birla Group. In his acceptance speech Shri Birla said, *"It is a privilege to be the 1st industrialist to be receiving the honorary degree of such a prestigious institute as the ICSI and an honour to have received it from Hon'ble Minister Shri Piyush Goyal. The CS community has been helping navigate the governance culture throughout the country even in the time of pandemic. The Company Secretaries are the Heroes of the Country and I am proud to be a part of them".*

Your Company along with its Subsidiaries is one of the young and new age business ventures of Aditya Birla Group having a strong parentage and is a leading financial services conglomerate. It is a mix of a solid traditional and cultural foundation along with the right perspective to cater to the evolving financial needs of its customers.

Your Company's governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in its value system and reflected in its strategic thought process. At a macro level, your Company's governance philosophy rests on five basic tenets, viz., Board accountability to the Company and Members, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all Members and transparency and timely disclosures.

The Corporate Governance framework of your Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

The Board functions either as a full Board or through various Committees constituted to oversee specific functions. The Senior Management provides your Board detailed reports on the Company's performance periodically.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

The details of compliance with the requirements stipulated under Chapter IV read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), are as follows:

I. BOARD OF DIRECTORS

Composition

The Board of Directors of your Company ("the Board") comprised of 8 (Eight) Directors including 4 (Four) Non-Executive Directors (including one Nominee Director) and 4 (Four) Independent Directors, of whom one is a Woman Director. The Chairman of the Board, Mr. Kumar Mangalam Birla, is a Non-Executive and Non-Independent Director. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. In terms of the provisions of the Act and SEBI Listing Regulations, the Directors submit necessary disclosures regarding the positions held by them on the Board and/ or Committees of other Companies, from time to time.

On the basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors: -

a) hold Directorships in more than 10 (Ten) public Companies;

b) hold Directorships in more than 7 (Seven) listed entities;

c) serve as an Independent Director in more than 7 (Seven) listed entities;

d) is a Member of more than 10 (Ten) Committees or Chairperson of more than 5 (Five) Committees (i.e. Audit and Stakeholders Relationship Committee) across all the public Companies in which he/she is a Director; and

e) are related to each other.

All Independent Directors on the Board are Non-Executive Directors as defined under the Act and SEBI Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Act and SEBI Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and have submitted the declaration under section 149(7) of the Act. Based on the disclosures received from the Independent Directors, it is hereby confirmed that in the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act and SEBI Listing Regulations and are independent of the management and are also in compliance with the limit on Independent Directorships of listed Companies as prescribed under Regulation 17A of the SEBI Listing Regulations.

Mr. Kumar Mangalam Birla, the Chairman of the Board, is not related to Mr. Ajay Srinivasan, Chief Executive Officer of the Company, as per the definition of the term "relative" defined under the Act.

The brief profile of the Directors of the Company is available on the Company's website at https://www.adityabirlacapital.com/about-us/board-of-Directors.

The details of the Directors of the Company with regard to their outside Directorships, Committee positions, including that in listed entities, as on 31st March 2021 were as follows:

Corporate Governance Report (Contd.)

Name of the Director	Category of Directorship held in your Company	No. of outside Directorship(s) held[1]	Outside Committee positions held[2]		Names of other listed entities where Director holds Directorship (excluding the Company and the category of directorship held in such other listed entity)[3]
			Member	Chairperson	
Mr. Kumar Mangalam Birla (DIN:00012813)	Non-Executive Non-Independent Member of Promoter Group of the Company	9	-	-	1. Century Textile and Industries Limited* 2. Grasim Industries Limited* 3. UltraTech Cement Limited* 4. Hindalco Industries Limited* 5. Vodafone Idea Limited* 6. Aditya Birla Fashion and Retail Limited*
Dr. Santrupt Misra (DIN:00013625)	Non-Executive Non-Independent	2	-	-	1. Grasim Industries Limited*
Mr. Sushil Agarwal (DIN:00060017)	Non-Executive Non-Independent	4	3	-	1. Aditya Birla Fashion and Retail Limited*
Mr. Arun Adhikari (DIN:00591057)	Independent	4	3	-	1. UltraTech Cement Limited# 2. Vodafone Idea Limited# 3. Voltas Limited#
Mr. P. H. Ravikumar (DIN: 00280010)	Independent	7	5	3	1. Bharat Forge Limited# 2. Escorts Limited#
Mr. S. C. Bhargava (DIN:00020021)	Independent	6	4	-	1. A K Capital Services Limited#
Mrs. Vijayalakshmi Iyer (DIN:05242960)	Independent	9	8	3	1. ICICI Securities Limited# 2. Magma Fincorp Limited# 3. Religare Enterprises Limited# 4. GIC Housing Finance Limited#
Mr. Romesh Sobti (DIN: 00031034) (Appointed effective from 14th January 2021)	Non-Executive Non-Independent (Nominee Director) – Representative of Jomei Investments Limited, Equity Investor of the Company	-	-	-	-

**Category of Directorship is Non-Independent and Non-Executive*
 # Category of Directorship is Independent

Notes:

1. Excluding Directorship in your Company, Foreign Companies, Private Limited Companies and Companies incorporated under Section 8 of the Act.
2. Only two Committees viz. Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies are considered.
3. Only equity listed companies are considered.

Details of Skills/ Expertise/ Competencies of the Board

The Directors on Board of the Company are adequately skilled, have relevant expertise as per Industry norms and have rich experience.

Your Company's Board has identified the following skills/ expertise/ competencies to function and discharge its responsibilities effectively:

- Industry Knowledge
- Strategic Expertise
- Human Resource Development
- Innovation/ Technology
- Legal & Compliance
- General Management
- Financial Expertise
- Sustainability
- Corporate Governance
- Risk Management

While all the Board members possess the skills identified, their area of core expertise is given below:

Directors Skill/ Expertise/ Competencies

Name of the Director	Skills identified and area of core expertise									
Mr. Kumar Mangalam Birla	Industry Knowledge	Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance		Risk Management		General Management
Dr. Santrupt Misra			Financial Expertise	Corporate Governance	Strategic Expertise		Sustainability	Risk Management	Human Resource Development	General Management
Mr. Sushil Agarwal	Industry Knowledge		Financial Expertise	Corporate Governance	Strategic Expertise			Risk Management		General Management
Mr. Arun Adhikari		Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance		Risk Management	Human Resource Development	General Management
Mr. P. H. Ravikumar	Industry Knowledge	Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance	Sustainability	Risk Management		General Management
Mr. S. C. Bhargava	Industry Knowledge	Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance	Sustainability	Risk Management		General Management
Mrs. Vijayalakshmi Iyer	Industry Knowledge	Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance		Risk Management		General Management
Mr. Romesh Sobti	Industry Knowledge	Innovation/ Technology	Financial Expertise	Corporate Governance	Strategic Expertise	Legal & Compliance		Risk Management		General Management

The Board collectively displays the following qualities:

- Integrity: fulfilling a Director's duties and responsibilities;
- Curiosity and courage: asking questions and persistence in challenging management and fellow Board Members where necessary;
- Interpersonal skills: working well in a group, listening well, tact and ability to communicate their point of view frankly;
- Interest: in the organisation, its business and the people;
- Instinct: good business instincts and acumen, ability to get to the crux of the issue quickly;
- Belief in diversity;
- Active participation: at deliberations in the Meetings

The Board of Directors of your Company are professionals, possessing wide experience and expertise in their areas of function and with their collective wisdom fuel your Company's growth.

Non-Executive Directors Compensation and Disclosures

Sitting fees paid to Independent Directors for attending Meetings of the Board / Committees have been approved by the Board. No sitting fees were paid to Non-Executive & Non-Independent Directors of the Company during the financial year under review. No commission was recommended/ paid to any of the Directors during the financial year under review. Details of the Sitting fees paid to Independent Directors are given separately in this Report.

Board's Functioning and Procedure

Your Company's Board plays a pivotal role in ensuring good governance and functioning of your Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional Meetings are held to address specific needs and business requirements of your Company. The information as required under Schedule V (c) of the SEBI Listing Regulations is made available to the Board.

The Company makes available video conferencing or other audio-visual means for attending the Meetings of the Board and Committees. In accordance with the relaxations provided by the Securities and Exchange Board of India and Ministry of Corporate Affairs, during the financial year under review, all meetings of the Board were held through audio-visual mode.

In consultation with the Chairman, the Chief Executive Officer and the Chief Financial Officer, the Company Secretary prepares the Agenda of Board/ Committee Meetings along with the explanatory notes thereon and circulates it to the Directors and Committee Members.

6 (Six) Board Meetings were held during the financial year under review.

Meetings and attendance during the financial year under review:

Date of Board Meeting	Board Strength	No. of Directors Present
5th June 2020	7	6
7th August 2020	7	7
5th November 2020	7	7
30th December 2020	7	6
5th February 2021	8	8
17th March 2021	8	7

The Board has unfettered and complete access to all information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson. The Board periodically reviews all the relevant information, which is required to be placed before it pursuant to Part A of Schedule II to Regulation 17 of the SEBI Listing Regulations and in particular reviews and approves business plans, annual budgets, projects and capital expenditure. The Board provides strategic direction and oversight to ensure that your Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The details of attendance of each Director at the Board Meeting(s) held during the financial year under review and at the previous Annual General Meeting ("AGM") of the Company held on 31st August 2020 are as under:

Name of the Director	No. of Board Meetings		Attended Last AGM
	Held during tenure	Attended	
Mr. Kumar Mangalam Birla	6	4	Yes
Dr. Santrupt Misra	6	6	Yes
Mr. Sushil Agarwal	6	6	Yes
Mr. Arun Adhikari	6	6	Yes
Mr. S. C. Bhargava	6	6	Yes
Mr. P. H. Ravikumar	6	6	Yes
Mrs. Vijayalakshmi Iyer	6	5	Yes
Mr. Romesh Sobti (appointed effective from 14th January 2021)	2	2	Not Applicable

Code of Conduct for Board Members and Senior Management

In compliance with Regulations 17(5) and 26(3) of the SEBI Listing Regulations, the Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company ("the Code"). The Code is applicable to all the Board Members and Senior Management of the Company. The Code is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

The Senior Management Personnel of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review and a declaration to that effect signed by the Chief Executive Officer of the Company forms a part of this Annual Report.

Board Induction, Training and Familiarisation

A letter of appointment together with an induction kit is given to the Independent Directors at the time of their appointment setting out their roles, functions, duties and responsibilities. As per Regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment of Independent Directors are available on the Company's website at https://www.adityabirlacapital.com/about-us/board-of-directors

The Directors are familiarised with your Company's businesses and its operations. Interactions are held between the Directors and Senior Management of your Company. Directors are familiarised with the organisational set-up, functioning of various departments, internal control processes and relevant information pertaining to your Company. The details of the said familiarisation programmes are available on your Company's website at https://www.adityabirlacapital.com/about-us/board-of Directors.

Performance evaluation of the Board

A formal mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, amongst others, providing strategic perspective, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision making ability, role and effectiveness of the Committees. The Directors duly completed and submitted the questionnaires providing feedback on functioning of the Board as a whole, Committees and Chairman of the Board.

Further details are mentioned in the Board's Report.

Performance evaluation criteria for Independent Directors

The Directors other than Independent Directors of your Company evaluate the following:

- performance of Independent Directors
- fulfilment of the independence criteria as specified in SEBI Listing Regulations and their independence from the management

The evaluation is based on the following criteria as to how an Independent Director:

1. Invests time in understanding the Company and its unique requirements;
2. Brings in external knowledge and perspective to the table for discussions at the Meetings;
3. Expresses his/her views on the issues discussed at the Board; and
4. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

Separate Meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Act and Regulation 25 (3) of the SEBI Listing Regulations a Meeting of the Independent Directors of your Company was held on 5th February 2021 without the presence of the Non-Independent Directors and the Members of the Management. The Meeting was attended by all 4 (Four) Independent Directors. They discussed matters including the performance/ functioning of the Company, reviewed the performance of the Chairman and other Non-Executive Directors, assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, etc.

Prohibition of Insider Trading

In terms of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 your Company adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons in listed or proposed to be listed securities of the Company ("the Insider Code"). The Insider Code aims at preserving and preventing misuse of unpublished price sensitive information. All Designated Persons of your Company (as defined under the Insider Code) are covered under the Insider Code, which provides inter alia for periodical disclosures and obtaining pre-clearances for trading in the securities of your Company.

The Company has in place, a tracking mechanism for monitoring trade in the equity shares of the Company by Designated Persons identified under the Insider Code. Further, a structured digital database is maintained, which contains the names and other particulars as prescribed, of the persons covered under the Insider Code. The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") which also includes details of your Company's policy for determination on 'legitimate purposes' as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and is available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

Mr. Amber Gupta, Company Secretary is the "Compliance Officer" in terms of the Insider Code.

II. COMMITTEES

Your Board has constituted the Committees with specific terms of reference as per the requirements of the SEBI Listing Regulations, the Act, Master Direction – Core Investment Companies (Reserve Bank) Directions 2016 as amended (“RBI Master Directions”) and other applicable provisions. The Board accepted all recommendations of the Committees of the Board, during the financial year under review.

The Committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference and roles and responsibilities. The Chairpersons of the respective Committees report to the Board on the deliberations and decisions taken by the Committees. The minutes of the Meetings of all Committees are placed before the Board for its perusal on a regular basis.

The details of the Committees are elaborated hereunder:

1. AUDIT COMMITTEE

A qualified and independent Audit Committee has been constituted pursuant to the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

The Audit Committee acts as a link between the Management, the Statutory and Internal Auditors and the Board.

All the Members of the Audit Committee are financially literate. The Chairperson and Members of the Audit Committee have accounting or related financial management expertise.

The Statutory and Internal Auditors of your Company are invited to attend the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Audit Committee Meetings from time to time, for providing such information as may be necessary.

The Chairperson of the Audit Committee, Mrs. Vijayalakshmi Iyer, attended the Annual General Meeting of the Company held on 31st August 2020.

The Audit Committee monitors and effectively supervises your Company’s financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of financial reporting.

The Audit Committee has all the powers as specified in Section 177 of the Act and Regulation 18 read with Part C of Schedule II of the SEBI Listing Regulations to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as considered necessary.

The terms of reference of the Audit Committee include:

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing with the Management, the Annual Financial Statements and Auditor’s Report thereon before submission to the Board for approval, with particular reference to:
    - (a) Matters required to be included in the Directors’ Responsibility Statement to be included in the Board’s report in terms of clause (c) of subsection 3 of Section 134 of the Companies Act, 2013;
    - (b) Changes, if any, in accounting policies and practices and reasons for the same;
    - (c) Major accounting entries involving estimates based on the exercise of judgement by Management;
    - (d) Significant adjustments made in the financial statements arising out of audit findings, if any;
    - (e) Compliance with listing and other legal requirements relating to financial statements;
    - (f) Disclosure of any related party transactions;
    - (g) Modified opinion(s) in the draft audit report, if any
5. Reviewing with the Management, the quarterly financial results, statements before submission to the Board for approval;
6. Reviewing with the Management, the statement of uses, application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document, prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up thereon, if any;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Look look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any;
18. Reviewing the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
21. Reviewing the utilisation of loans and or advances from investment by the holding Company in the Subsidiaries exceeding ₹100 Crore or 10% of the asset size of the Subsidiaries whichever is lower including existing loans, advances, investments;
22. Granting omnibus approval for related party transactions proposed to be entered into by the Company and laying down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company in respect of transactions which are repetitive in nature;
23. Reviewing compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and confirming whether the systems for internal control for the purpose are adequate and are operating effectively.
24. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders, if any
25. Reviewing the following information:
    1. Management Discussion and Analysis of financial condition and results of operations;
    2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
    3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
    4. Internal audit reports and discussion with the Internal Auditors on any significant findings and follow-up thereon;
    5. The appointment, removal and terms of remuneration of the Internal Auditors
    6. Statement of deviations, if any:
        (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
        (b) Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company.

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the Audit Committee met 4 (Four) times on 5th June 2020, 7th August 2020, 5th November 2020 and 5th February 2021.

Mr. S. C. Bhargava, Independent Director, was appointed as a Member of the Audit Committee by the Board at its Meeting held on 5th February 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mrs. Vijayalakshmi Iyer (Chairperson)	Independent	4	3
Mr. P. H. Ravikumar (Member)	Independent	4	4
Mr. S. C. Bhargava (Member) (Appointed effective from 5th February 2021)	Independent	-	-
Mr. Sushil Agarwal (Member)	Non-Executive Non-Independent	4	4

The Company Secretary acts as the Secretary to the Committee.

2. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

The Nomination, Remuneration and Compensation Committee has been constituted pursuant to the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations.

The terms of reference of the Nomination, Remuneration and Compensation Committee include:

1. Set the level and composition of remuneration which is reasonable and sufficient to attract, retain and motivate Directors and Senior Managers of the quality required to run the Company successfully;
2. Set the relationship of remuneration to performance;
3. Check whether the remuneration provided to Directors, Key Managerial Personnel and Senior Management includes a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
4. Formulate appropriate policies, institute processes which enable the identification of individuals who are qualified to become Directors and who may be appointed in senior Management and recommend the same to the Board;
5. Formulate criteria for evaluation of performance of Independent Directors and the Board of Directors;
6. Review and implement succession and development plans for Executive Directors and Senior Managers;
7. Devise a policy on Board diversity;
8. Formulate the criteria for determining qualification, positive attributes and independence of Directors;
9. Decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
10. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
11. Formulate, supervise and monitor the process of issuance/ grant/ vesting/ cancellation of Employee Stock Options and such other instruments as may be decided to be granted to the eligible grantees under the respective Employee Stock Options Scheme(s), from time to time, as per the provisions of the applicable laws, more particularly in terms of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the Committee met 4 (Four) times on 5th June 2020, 5th November 2020, 30th December 2020 and 5th February 2021.

The Chairman of the Nomination, Remuneration and Compensation Committee, Mr. Arun Adhikari, attended the Annual General Meeting of the Company held on 31st August 2020.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mr. Arun Adhikari (Chairman)	Independent	4	3
Mr. S. C. Bhargava (Member)	Independent	4	4
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	4	4
Mr. Sushil Agarwal (Member)	Non-Executive Non-Independent	4	4

The Company Secretary acts as a Secretary to the Committee.

EMPLOYEE STOCK OPTIONS SCHEMES ADOPTED BY THE COMPANY

a. **Aditya Birla Capital Limited Employee Stock Option Scheme 2017 ("Scheme 2017")**

The Scheme 2017 was formulated by the Nomination, Remuneration and Compensation Committee of the Board with an aim to provide competitive remuneration opportunities to employees of your Company and Subsidiaries, which was approved by the Board at its Meeting held on 26th June 2017, and by the Members of the Company vide Special Resolution passed at the Annual General Meeting ("AGM") held on 19th July 2017 and in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended ("SEBI SBEB Regulations"). For extending the benefits of the Scheme 2017 to the employees of the Company's Subsidiaries a separate Special Resolution was also passed by the Members of the Company at the said AGM held on 19th July 2017.

During the financial year under review, the Company issued and allotted 1,085,516 Equity Shares of ₹10/- each, upon exercise of Stock Options, Restricted Stock Units and Performance Restricted Stock Units by the eligible grantees, in terms of the provisions of the Scheme 2017, statutory provisions including SEBI SBEB Regulations and other applicable laws, as applicable from time to time and the rules and procedures set out by your Company in this regard.

b. **ABCL Incentive Scheme for Stock Options and Restricted Stock Units 2017 ("ABCL Incentive Scheme")**

Pursuant to the Composite Scheme of Arrangement between erstwhile Aditya Birla Nuvo Limited ("ABNL"), Grasim Industries Limited ("Grasim") and the Company and their respective Shareholders and Creditors ("the Composite Scheme") and pursuant to Sections 230-232 of the Act, the Nomination, Remuneration and Compensation Committee of the Board of Directors of the Company approved the ABCL Incentive Scheme.

During the financial year under review, the Company issued and allotted 431,754 Equity Shares of ₹10/- each, upon exercise of Stock Options and Restricted Stock Units by the eligible grantees, in terms of the provisions of the ABCL Incentive Scheme, statutory provisions including SEBI SBEB Regulations and other applicable laws, as applicable from time to time and the rules and procedures set out by your Company in this regard.

The details on the above Employee Stock Option Scheme(s) as required to be disclosed under the SEBI SBEB Regulations are available on your Company's website at https://www.adityabirlacapital.com/investor-relations/financial-reports.

c. **Stock Appreciation Rights Scheme 2019 ("SARs Scheme 2019")**

Your Company has also instituted "Aditya Birla Capital Limited Stock Appreciation Rights Scheme 2019" which is a cash based plan linked to the actual stock price movement over the plan tenure. In order to compensate the loss to an employee due to the lapse of Stock Options/ Restricted Stock Units/ Performance Restricted Stock Units in the event of transfer of the employee to any Group Company of the Company as mentioned under the SARs Scheme 2019, your Company implemented the SARs Scheme 2019 for such employees.

The SARs Scheme 2019, does not give rise to any right towards any equity share of the Company and hence, is not covered under the provisions of SEBI SBEB Regulations. On exercise of the SARs granted under the said scheme, the employee exercising the SARs becomes entitled to receive cash, in terms of the scheme. 4,356 RSU SARs and 83,592 Options SARs were granted during the financial year under review pursuant to the SARs Scheme 2019.

Remuneration Policy

Your Company has adopted an Executive Remuneration Philosophy/Policy. The same forms part of this Annual Report and is also available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-code.

Your Company has in place a Directors and Officers liability Insurance Policy for the Company and its Subsidiaries, covering all Directors including Independent Directors of your Company.

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been constituted pursuant to the provisions of Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations.

The terms of reference of the Stakeholders Relationship Committee include:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/

transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, General Meetings, etc;

2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company, as applicable.
5. Approve allotment of shares and other securities;
6. Authorise officers of the Company to approve transfer, transposition, deletion, consolidation, subdivision, in respect of shares and securities;
7. Review the results of any investigation / audit conducted by any statutory authority

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the Stakeholders Relationship Committee met 5 (Five) times on 28th May 2020, 7th August 2020, 5th November 2020, 30th December 2020 and 5th February 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mrs. Vijayalakshmi Iyer (Chairperson)	Independent	5	5
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	5	4
Mr. Sushil Agarwal (Member)	Non-Executive Non-Independent	5	5

Mrs. Vijayalakshmi Iyer, the Chairperson of the Committee attended the Annual General Meeting of the Company held on 31st August 2020. The Company Secretary acts as Secretary to the Committee and is the Compliance Officer of the Company and also responsible for redressal of investor complaints.

Your Company's shares are compulsorily traded in dematerialised form. Necessary authority has been delegated by your Board to the Directors and the Officers of your Company to approve transfers / transmissions of shares. Details of share transfers / transmissions approved by the Directors and Officers are placed before the Board of Directors on a quarterly basis.

Number of shareholders' complaint received so far / number not solved to the satisfaction of shareholders / number of pending complaints

Details of complaints received, number of shares transferred during the financial year under review, time taken for effecting these transfers and the number of share transfers pending are furnished in the "Shareholder Information" section of this Annual Report.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee ("CSR") has been constituted pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended.

The terms of reference of the Corporate Social Responsibility Committee include:

1. Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board;
2. Recommending to the Board the amount to be spent on CSR activities from time to time; and
3. Monitoring the CSR Policy of the Company from time to time.

During the financial year under review, the Corporate Social Responsibility Committee met once on 22nd March 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mr. Arun Kumar Adhikari (Chairperson)	Independent	1	1
Mr. S. C. Bhargava (Member)	Independent	1	1
Mr. P. H. Ravikumar (Member)	Independent	1	1
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	1	1

Mrs. Rajashree Birla, Chairperson of Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram, Group Executive President, CSR, are permanent invitees to the Meetings of Corporate Social Responsibility Committee.

The Company Secretary acts as the Secretary to the Committee.

During the financial year under review, your Company was not required to make any expenditure towards Corporate Social Responsibility ("CSR") projects, in absence of average net profit for three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Act.

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted pursuant to the provisions of Regulation 21 of the SEBI Listing Regulations and RBI Master Directions, to frame, implement and monitor the risk management plan of the Company.

The terms of reference of the Risk Management Committee include:

1. Overall responsibility to monitor and approve the Risk Management Framework;
2. Ensuring proper identification of the risk associated with cyber security;
3. Assistance to the Board in determining the measures that can be adopted to mitigate the risk;
4. Ensuring that appropriate measures are being taken to achieve prudent balance between risk and reward in both ongoing and new business activities and continuously aim to add value to the Company's stakeholders by growing business that supports inclusive growth;
5. Assisting the Board in creating long-term stakeholder value by implementing a business strategy that considers every dimension of ethical, social, environmental, cultural, and economic spheres.

Meetings, Composition and attendance during the financial year under review

During the financial year under review the composition of the Risk Management Committee was revised. Mr. Romesh Sobti, Non-Executive (Nominee Director) was appointed as a Member of the Committee in place of Mr. S .C. Bhargava.

During the financial year under review, the Risk Management Committee met twice on 16th October 2020 and 22nd March 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mr. Arun Kumar Adhikari (Chairman)	Independent	2	2
Mr. S. C. Bhargava (Member) (ceased effective from 5th February 2021)	Independent	1	1
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	2	1
Mr. Romesh Sobti (Member) (Appointed effective from 5th February 2021)	Non-Executive Non-Independent (Nominee)	1	1

The Company Secretary acts as the Secretary to the Committee.

Risk Management Policy of the Company is available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

6. PIT REGULATIONS COMMITTEE

The PIT Regulations Committee has been constituted pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"), the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) 2003, the Code of Conduct to Regulate, Monitor and Report trading by in the listed or proposed to be securities of the Company and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company.

The terms of reference of PIT Regulations Committee include:

1. Identify/ review the list of persons to be included in the list of designated persons under the Code of Conduct, at regular intervals, on the basis of their role, function and access to Unpublished Price Sensitive Information ("UPSI") in the Company as well as the Subsidiaries of the Company;
2. Review the functioning of the mechanism adopted for monitoring trade in the securities of the Company by the Designated persons as identified under the Code of Conduct;
3. Ensure maintenance of adequate and effective internal controls including maintaining a structured digital data base of 'Designated Persons', containing names of persons or entities, with whom information

is shared under the PIT Regulations along with PAN, with adequate internal controls and checks, such as time stamping and audit trails to ensure non-tampering of the database and compliance with the PIT Regulations.

4. Consider and approve the inclusion of additional transactions, as 'Legitimate purpose' for sharing of information by the Company, in furtherance of the Company's and stakeholders' interest other than as provided under the Code for Fair Disclosure;

5. Review the adequacy and effectiveness of the internal controls in place for restrictions on communication or procurement of UPSI;

6. Carry out inquiry in relation to leak of UPSI / potential breach of the Code of Conduct by the suspected Designated Person(s);

7. Review and report to the Audit Committee and the Board of Directors of the Company, at the beginning of each financial year, the compliance of the Code of Conduct and PIT Regulations;

8. Carry out such other ancillary responsibilities as required pursuant to the PIT Regulations, PFUTP Regulations and the Codes;

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the PIT Regulations Committee met 5 (Five) times on 28th May 2020, 7th August 2020, 18th September 2020, 5th November 2020 and 5th February 2021 respectively.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mrs. Vijayalakshmi Iyer (Chairperson)	Independent	5	5
Mr. S. C. Bhargava (Member)	Independent	5	5
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	5	4
Mr. Ajay Srinivasan (Member)	Chief Executive Officer	5	3
Mrs. Pinky Mehta (Member)	Chief Financial Officer	5	5

The Company Secretary acts as the Secretary to the Committee.

7. ASSET-LIABILITY MANAGEMENT COMMITTEE

The Asset-Liability Management Committee has been constituted under RBI Master Directions and in line with regulations / directions and guidelines issued by the Reserve Bank of India.

The terms of reference of the Asset-Liability Management Committee include:

1. Governance of Liquidity Risk Management by:
   a. Ensuring adherence to the risk tolerance/limits set by the Board; and
   b. Implementing the liquidity risk management strategy and Capital Planning
2. Internal Controls – To ensure appropriate internal controls, systems and procedures for adherence to liquidity risk management policies and procedure;
3. Review the Liquidity Risk Measurement basis various approaches;
4. Monitor Liquidity Risk basis various Tools;
5. Review the Credit Sanction Process for High Value Proposals;
6. Review the Pricing of Assets and Liability and Monitor the Sensitivity of Interest Rates; and
7. Ensuring Liquidity through maturity matching

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the Asset-Liability Management Committee met twice on 22nd December 2020 and 22nd March 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mr. P. H. Ravikumar (Chairperson)	Independent	2	2
Dr. Santrupt Misra (Member)	Non-Executive Non-Independent	2	2
Mr. Sushil Agarwal (Member)	Non-Executive Non-Independent	2	2
Mr. Ajay Srinivasan (Member)	Chief Executive Officer	2	1
Mrs. Pinky Mehta (Member)	Chief Financial Officer	2	2
Mr. A. Dhananjaya (Member)	Chief Compliance and Risk Officer	2	2

The Company Secretary acts as the Secretary to the Committee.

8. IT STRATEGY COMMITTEE

The IT Strategy Committee has been constituted pursuant to the Reserve Bank of India - Master Direction - Information Technology Framework for the NBFC Sector read with Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016, as amended.

The terms of reference of the IT Strategy Committee include:

1. Ensure the establishment of the Information Security Management System (ISMS) objectives;
2. Review and approve the Company's IT, Information and Cyber Security and Privacy Policy;
3. Provide the resources needed for information security and approving assignment of specific roles and responsibilities for information security across the organization;
4. Demonstrate Management support for relevant initiatives on the above subject area;
5. Provide direction for information security management systems;
6. Review major information and Cyber security, Business continuity and Privacy incidents; and
7. Review if any significant risk to be reported to the Board of Directors.

Meetings, Composition and attendance during the financial year under review

During the financial year under review, the IT Strategy Committee met twice on 30th September 2020 and 19th February 2021.

The composition and attendance at the Meetings were as under:

Name and position held in the Committee	Category/ Designation	No. of Meetings	
		Held during tenure	Attended
Mr. P. H. Ravikumar (Chairperson)	Independent	2	2
Mrs. Vijayalakshmi Iyer (Member)	Independent	2	2
Mr. Ajay Srinivasan (Member)	Chief Executive Officer	2	2
Mr. A. Dhananjaya (Member)	Chief Compliance and Risk Officer	2	1
Mrs. Pinky Mehta (Member)	Chief Financial Officer	2	2
Mr. Mukesh Malik (Member)	Chief Operating Officer	2	2
Mr. Makesh Chandramohan (Member)	Chief Information and Security Officer	2	2
Mr. Subhro Bhaduri (Member)	Chief Human Resources Officer	2	-
Mr. Sailesh Kumar Daga (Member) (till 28th February 2021)	Company Secretary (till 28th February 2021)	2	2
Mr. Amber Gupta (Member) (effective from 1st March 2021)	Company Secretary (From 1st March 2021)	-	-
Mr. Ramesh Narayanaswamy (Member) (effective from 5th November 2020)	Chief Technology Officer	1	1

9. ASSET MONETIZATION COMMITTEE

An Asset Monetization Committee was constituted by the Board of Directors of the Company at its Meeting held on 17th March 2021, in relation to the proposed initial public offering ("IPO") of Aditya Birla Sun Life AMC Limited ("ABSLAMC"), a material Subsidiary of the Company.

The Committee was constituted and authorised to work and co-ordinate with ABSLAMC IPO Committee and recommend to the Board the final course of action and structure of the IPO of ABSLAMC for its approval and to review/approve various matters in connection with the proposed IPO of ABSLAMC. No Meeting of this Committee was held during the financial year under review but the Committee met twice on 5th April 2021 and 14th April 2021.

The Composition of the Committee is under:

Name and position held in the Committee	Category/ Designation
Mr. P. H. Ravikumar (Chairperson)	Independent
Mr. Arun Adhikari (Member)	Independent
Mr. Sushil Agarwal (Member)	Non-Executive Non-Independent
Mr. Ajay Srinivasan (Member)	Chief Executive Officer

III. WHISTLE BLOWER POLICY / VIGIL MECHANISM

Pursuant to section 177(9) of the Act and Regulation 22 of SEBI Listing Regulations and other applicable provisions, the Company has formulated a Whistle Blower Policy. The Whistle Blower Policy/Vigil mechanism provides a mechanism for Directors and employees to report instances and concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail the mechanism and direct access to the Chairperson of the Audit Committee is provided to them. During the financial year under review, no person was denied access to the Audit Committee. The Policy is in line with the Company's Code of Conduct, Vision and Values and is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

IV. SUBSIDIARIES

The Audit Committee reviews the consolidated financial statements/results of the Company and investments made by its listed and unlisted Subsidiaries. The minutes of the Board Meetings along with a report on significant developments of all the Subsidiaries as applicable are periodically placed before the Board. The Management of all the Subsidiaries periodically brings to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Subsidiaries as applicable. As per the definition of "Material Subsidiary" under Regulation 16 of SEBI Listing Regulations, Aditya Birla Sun Life Insurance Company Limited, Aditya Birla Finance Limited, Aditya Birla Sun Life AMC Limited and Aditya Birla Housing Finance Limited are the material Subsidiaries of the Company.

The Company has formulated a "Policy for determining material Subsidiary Companies" of the Company and has complied with all the obligations relating to material Subsidiaries of the Company under SEBI Listing Regulations. This policy is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

Further in accordance with Regulation 24(1) of the SEBI Listing Regulations, Mr. Arun Adhikari, Independent Director of the Company is an Independent Director on the Board of Aditya Birla Sun Life Insurance Company Limited and Mr. S. C. Bhargava, Independent Director of the Company is an Independent Director on the Board of Aditya Birla Finance Limited, as required under the aforesaid Regulation. In compliance with the SEBI Listing Regulations, this policy shall be reviewed by the Board at least once every three years.

Your Company and its material unlisted Subsidiaries incorporated in India undertake Secretarial Audit and annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in practice. These Secretarial Audit reports form part of this Annual Report.

V. OTHER DISCLOSURES

Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter relating to capital markets, during the last three years

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no strictures /penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authority.

Related Party Transactions

During the financial year under review, your Company had entered into related party transactions which were on an arm's length basis and in the ordinary course of business. There were no material transactions with any related party as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations. All related party transactions were approved by the Audit Committee of your Company.

Particulars of related party transactions are listed out under the notes to the financial statements forming part of this Annual Report.

The policy on related party transactions is available on your Company's website at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

Disclosure of accounting treatment

Your Company has followed all the applicable Accounting Standards while preparing the financial statements.

Management

1. The Management Discussion and Analysis forms part of this Annual Report and is in accordance with the requirements laid out in Regulation 34(2)(e) of SEBI Listing Regulations.
2. No material transaction has been entered into by the Company with its related parties that may have a potential conflict with interests of the Company.

Proceeds from Public Issues, Right Issues, Private Placement, Preferential Issues etc.

The Company discloses to the Audit Committee, the uses/ applications of proceeds/funds raised from public issues, private placement of Equity Shares, etc., if any, as part of quarterly review of financial results and the details are also filed with the Stock Exchanges on a quarterly basis, as applicable, pursuant to Regulation 32 of the SEBI Listing Regulations.

Remuneration of Directors

Sitting fee of ₹50,000/- for each Meeting of the Board and ₹25,000/- for each Meeting of the Audit Committee and ₹20,000/- for each Meeting of other Committees was paid to the Independent Directors of the Company for all the Meetings attended by them. Effective from 17th March 2021, the sitting fees were increased to ₹1,00,000/- for each Meeting of the Board and ₹75,000/- for each Meeting of the Audit Committee and ₹50,000/- for each Meeting of other Committees to the Independent Directors. Your Company does not pay commission to the Directors of the Company.

Further, the Company reimburses the out-of-pocket expenses, if any, incurred by the Directors for attending the Meetings.

Details of shareholding of the Directors and the sitting fees paid to the Independent Directors for attending the Meetings of Board and the Board Committees during the financial year under review were as follows:

Amount in ₹

Name of the Director	No. of Shares held	Sitting Fees Paid
Mr. Kumar Mangalam Birla	1,77,398*	-
Dr. Santrupt Misra	-	-
Mr. Sushil Agarwal	2,89,585*	-
Mr. Arun Adhikari	-	₹5,30,000
Mr. P. H. Ravikumar	1,407	₹6,10,000
Mr. S. C. Bhargava	-	₹6,00,000
Mrs. Vijayalakshmi Iyer	2,000	₹6,15,000
Mr. Romesh Sobti	-	-

** including shares held as a Karta of HUF*

There were no pecuniary relationships or significant material transactions between your Company and Non-Executive Directors during the financial year under review.

Mr. Sushil Agarwal, Non-Executive Director, was granted 2,40,690 stock options under ABCL Incentive Scheme for Stock Options and Restricted Stock Units 2017, all of which were exercised by him during the financial year under review and accordingly 2,40,690 equity shares of the Company were allotted to him during the financial year under review.

CEO / CFO CERTIFICATION

Mr. Ajay Srinivasan, Chief Executive Officer of the Company and Mrs. Pinky Mehta, Chief Financial Officer of your Company have issued necessary certificate pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations, which was placed before the Board at its Meeting held on 14th May 2021, and the same forms part of this Annual Report.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with the Corporate Governance requirements specified under regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI Listing Regulations, other than regulation 18 (2) in one instance for which due approvals were taken. The Company has taken necessary steps to ensure compliance of regulation 18(2) at all times.

ARCHIVAL POLICY FOR WEBSITE CONTENT

In terms of Regulation 30 of the SEBI Listing Regulations, the Company has formulated a policy on maintaining and preserving timely and accurate records uploaded on the website of the Company. The same is available on the website of your Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes.

COMPLIANCE CERTIFICATE

Compliance Certificate from M/s. Makarand M. Joshi & Co practising company secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V (E) of the SEBI Listing Regulations forms part of this Annual Report.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

The Company has provided the details of the Directors seeking appointment/re-appointment in the Notice of the 14th Annual General Meeting.

GENERAL BODY MEETINGS

During the preceding three years, the Company's Annual General Meetings ("AGM") were held as under:

The date and time of AGMs held during the last three years:

Year	Date	Time	Particulars of Special Resolution(s) passed
2017-18	27th August 2018	11:00 A.M.	-
2018-19	19th August 2019	11:00 A.M.	Refer Notes
2019-20	31st August 2020	11:00 A.M.	-

Notes:

1. Issuance of Securities for an aggregate consideration of up to ₹3,500 Crore only (Rupees Three Thousand Five Hundred Crore only).

2. Approval of continuation of directorship of Mr. S. C. Bhargava (DIN: 00020021) as an Independent Director of the Company, up to 31st August 2021, post exceeding 75 years of age.

3. Approval for delivery of documents through a particular mode as may be sought by the Members.

No Extra-Ordinary General Meeting was held during the financial year under review.

Postal Ballot

No resolution was passed through postal ballot during the year under review.

The following Special Resolution is proposed to be passed vide Postal Ballot notice dated 7th May 2021 as on the date of this report:

To consider and approve dilution of shareholding in Aditya Birla Sun Life AMC Limited ('ABSLAMC'), a material subsidiary of the Company to less than fifty percent and / or for any consequent changes as provided under regulation 24(5) of the SEBI Listing Regulations as may be applicable, subject to shareholders approval sought by way of postal ballot.

SCHEDULE OF EVENTS FOR POSTAL BALLOT

Sr. No	Activity	Day/ Date
1	Cut-off Date/Benpos date for sending notice to the Members	Friday, 7th May 2021 (as on the close of business hours)
2	Commencement of e-voting	9:00 a.m. on Tuesday, 11th May 2021
3	End of voting period	5.00 p.m. on Wednesday, 9th June 2021
4	Declaration of voting results to Stock Exchanges and on the website of the Company	on or before Friday, 11th June 2021

Mr. B. Narasimhan (FCS No.:1303/ COP No.:10440), Proprietor, M/s. BN & Associates, Practising Company and/or failing him Mr. Dilip Bharadiya (FCS No.:7956/ COP No.:6740), M/s Dilip Bharadiya & Associates, Practising Company Secretaries have been appointed as the 'Scrutiniser' to scrutinise the Postal Ballot process in a fair and transparent manner.

MEANS OF COMMUNICATION

Quarterly Results

The Company's quarterly/ half yearly/ annual financial results are submitted to the Stock Exchanges and published in Business Standard (all editions), and Sandesh (Rajkot edition, Gujarat).

Further, the quarterly/ half yearly/ annual financial results are approved by the Board and the result presentations are sent via e-mail to the Members whose email address is registered with the Company and are also simultaneously made available on Company's website at https://www.adityabirlacapital.com/investor-relations/quarterly-results.

In addition to the above, after announcement of results, the Company holds conference calls with investors/ analysts. The transcript of the said conference calls is uploaded on the Company's website at https://www.adityabirlacapital.com/investor-relations/quarterlyresults.

Website Disclosure

The Company's website contains a separate section namely "Investor Relations" at https://www.adityabirlacapital.com/investor-relations where shareholders' related information is available and Members can access the information as required to be disseminated on the website of the Company pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

Whether it also displays official news releases	Yes
Presentations made to investors/ analysts	Yes
Shareholders' Information :	Published as a separate section in this report

NSE Electronic Application Processing System (NEAPS) and BSE Portal for Electronic filing

Apart from the financial results, shareholding pattern and quarterly report on Corporate Governance, other intimations/ disclosures required to be made to the Stock Exchanges are electronically filed.

Adoption of Mandatory and Discretionary Requirements

During the financial year under review, the Company complied with all the mandatory requirements of Regulation 34 of the SEBI Listing Regulations.

The Company complied with the following discretionary requirements of the SEBI Listing Regulations:

1. For the Financial Year 2020-21, the Company's financial statements are with unmodified audit opinion.

2. The Internal Auditors directly report to the Audit Committee.

Other Disclosures:

1. Total fees for all services paid by the Company and its Subsidiaries, on a consolidated basis, to the Statutory Auditor of the Company viz. M/s Deloitte Haskins & Sells LLP, and all entities in the network firm/network entity of which the Statutory Auditor was a part during the financial year under review was ₹3.46 Crore.
2. During the financial year under review, there were no complaints filed, disposed or pending as at the end of financial year, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
3. A certificate from M/s. Makarand M. Joshi & Co., Practising Company Secretaries has been received stating / confirming that none of the Directors on the Board has been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI/ Ministry of Corporate Affairs or any such statutory authority and is attached as a part of this report.

DETAILS OF COMPLIANCE WITH MASTER DIRECTIONS - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTIONS, 2016, AS AMENDED

Policies adopted

Pursuant to the Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016 ("RBI Master Directions") as amended, the Company has adopted Investment Policy, Policy on demand/ call loans, policy for ascertaining 'fit and proper' status of Directors and an outsourcing policy.

Liquidity Risk Management Framework

The Company has adopted a Liquidity Risk Management Framework and is in adherence to the liquidity risk management guidelines stipulated by the Reserve Bank of India ("RBI"). The disclosure on liquidity risk, on a quarterly basis, is also uploaded on the website of the Company at https://www.adityabirlacapital.com/investor-relations/shareholder-centre and details of the same are separately disclosed in the notes to the financial statements forming part of this Annual Report.

Other Disclosures

- Prior approval was sought from the Reserve Bank of India for the appointment of Mr. Romesh Sobti (DIN: 00031034) as an Additional Director (Non-Executive) (Nominee of Jomei Investments Limited, equity investor), which was received on 12th January 2021. Accordingly Mr. Romesh Sobti was appointed as a Director on the Board effective from 14th January 2021.
- The Company has in place a functional website and the details required to be uploaded on the website as per RBI Master Directions have been duly uploaded.
- The Company has put in place a policy on the fit and proper criteria including process of due diligence at the time of appointment / renewal of appointment of the Directors.
- Necessary information and declaration/ undertaking from the proposed / existing directors have been obtained, which have also been scrutinized by the Nomination, Remuneration and Compensation Committee and were also placed before the Board.
- The Company has obtained a Deed of Covenants signed by the Directors, in the format specified under RBI Master Directions. Declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith has been also obtained.
- A Quarterly statement on change of directors, and a certificate from the Chief Executive Officer on fit and proper criteria in selection of the Directors along with Statutory Auditor certificate was filed for the quarter ended 31st March 2021.
- Mr. A. Dhananjaya has been appointed as the Chief Risk Officer of the Company with clearly specified roles and responsibilities. A Meeting was held between the Chief Risk Officer and the Risk Management Committee without the presence of Chief Executive Officer on 22nd March 2021.
- The Company is in compliance with the requirements arising out of the Master Direction - Information Technology Framework for the NBFC Sector issued by RBI and has constituted an IT Strategy Committee. The Company has adopted an IT Policy and Cyber Security Policy and undertaken a comprehensive risk assessment of IT systems and Information systems audit was conducted by an independent auditor for the financial year under review.
- Relevant disclosures as applicable under the RBI Master Directions have been made in the Annual Financial Statements for the financial year ended 31st March 2021.
- No penalties have been imposed by RBI and other regulators including strictures or directions on the basis of inspection reports or other adverse findings.
- Statutory Auditors have not expressed any modified opinion(s) or other reservation(s) in their audit report/ limited review report in respect of the financial results.

Corporate Governance Report (Contd.)

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Aditya Birla Capital Limited
Indian Rayon Compound,
Veraval, GJ-362266

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) **Aditya Birla Capital Limited** having CIN **L67120GJ2007PLC058890** and having registered office at **Indian Rayon Compound, Veraval - 362266, Gujarat,** (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and documents available on the website of the Ministry of Corporate Affairs and Stock Exchanges as on 31st March 2021, and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and based on the disclosures of the Directors, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority for the period ended as on 31st March 2021.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1	Mr. Kumar Mangalam Birla	00012813	26/10/2017
2	Dr. Santrupt Misra	00013625	26/10/2017
3	Mr. Subhash Chandra Bhargava	00020021	01/09/2016
4	Mr. Sushil Agarwal	00060017	26/10/2017
5	Mr. Hayagreeva Ravikumar Puranam	00280010	26/06/2017
6	Mr. Arun Adhikari Kumar	00591057	26/06/2017
7	Mrs. Vijayalakshmi Iyer	05242960	26/06/2017
8	Mr. Romesh Sobti	00031034	14/01/2021

For **Makarand M. Joshi & Co.**
Practising Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
UDIN: F006667C000283845

Place: Mumbai
Date: 14th May 2021

Shareholder Information

1. Annual General Meeting

Date and Time	:	Friday, 20th August 2021 at 11:00 a.m. (IST)
Venue	:	The Company is conducting meeting through video conference or other audio visual means pursuant to the MCA Circular dated 5th May 2020 read with MCA circulars dated 8th April 2020, 13th April 2020, 13th January 2021 and SEBI Circular dated 15th January 2021.
Remote E-voting period for the Annual General Meeting	:	**Commencement of remote e-voting:** 9.00 a.m. on Tuesday, 17th August 2021 **End of remote e-voting:** 5:00 p.m. on Thursday, 19th August 2021

The details of process of e-voting is provided in the notice of the 14th Annual General Meeting.

2. Financial Calendar for Reporting (Tentative Dates)

Financial year of the Company	:	1st April to 31st March
For the quarter ending 30th June 2021	:	On or before 10th August 2021
For the quarter ending 30th September 2021	:	On or before 10th November 2021
For the quarter ending 31st December 2021	:	On or before 10th February 2022*
For the quarter/ year ending 31st March 2022	:	On or before 15th May 2022*
15th Annual General Meeting for the financial year ending 31st March 2022	:	August 2022

3. Dividend Payment Date

Not Applicable

4. Registered office

Indian Rayon Compound,
Veraval – 362 266, Gujarat, India
Phone: +91 2876 243 257
Email: abc.secretarial@adityabirlacapital.com
Website: www.adityabirlacapital.com
CIN: L67120GJ2007PLC058890

5. (a) Listing Detail

Equity Shares	Global Depositary Shares (GDSs)
1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 2. National Stock Exchange of India Limited Exchange Plaza, Plot No. C-1, G- Block, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051	1. Luxembourg Stock Exchange Society de la Bourse de Luxembourg PO. Box 165, L-2011 Luxembourg, Grand Duchy of Luxembourg

Note: Annual Listing Fees for the Financial Year 2021-22 has been paid to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Listing Fees for the GDSs has been paid to Luxembourg Stock Exchange (LSE) for the calendar year 2020.

5. (b) Overseas Depositary for GDSs

Citibank N.A.
Depositary Receipt Services
388 Greenwich Street, 6th Floor,
New York, NY – 10013, USA
Tel: +212 816 9082
Fax: +212 816 6876

5. (c) Domestic Custodian of GDSs

Citibank N.A.
Custody Services FIFC, 11th Floor, C 54 & 55,
G- Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Tel: +91 22 6175 7272
Fax: +91 22 2653 2205

6. Stock Code

Equity Shares - ISIN INE674K01013
Global Depositary Shares- ISIN US0070261070

Stock Exchanges	Stock Code	Reuters	Bloomberg
BSE Limited	540691	ADTB.BO	-
National Stock Exchange of India Limited	ABCAPITAL	ADTB.NS	ABCAP:IN
Luxembourg Stock Exchange	-	ABCLY	ABCLY:US

Corporate Governance Report (Contd.)

7. Stock Price Data

Year/ Month	BSE Limited			National Stock Exchange of India Limited			Luxembourg Stock Exchange	
	High	Low	Close	High	Low	Close	High	Low
	(In ₹)			(In ₹)			(In US$)	
Apr-'20	56.15	41.15	49.95	56.30	41.05	49.95	0.72	0.57
May-'20	48.65	41.25	45.85	48.20	41.20	45.85	0.60	0.55
Jun-'20	66.90	46.10	63.30	66.60	46.25	63.30	0.87	0.62
July-'20	68.40	54.00	54.10	68.45	54.00	54.10	0.905	0.72
Aug'-'20	66.95	53.00	61.25	66.95	53.00	61.25	0.885	0.735
Sep-'20	77.40	58.20	62.25	77.40	58.05	62.20	0.99	0.83
Oct-'20	70.55	59.85	64.75	70.60	59.85	64.75	0.935	0.825
Nov-'20	89.40	63.50	88.20	89.40	63.85	88.45	1.19	0.91
Dec-'20	97.90	76.00	85.00	97.90	76.00	85.00	1.31	1.09
Jan-'21	94.65	78.80	80.85	94.65	78.85	80.80	1.28	1.1
Feb-'21	127.70	79.75	123.65	127.35	79.70	123.65	1.69	1.16
Mar-'21	139.60	112.50	119.40	139.70	112.50	119.30	1.85	0.525

8. Indexed Stock Performance

9. Registrar and Transfer Agents (RTA)

(For share transfers and other communication relating to share certificates, change of address etc.)

KFin Technologies Pvt. Limited ("KFin")
Unit: Aditya Birla Capital Limited
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally
Hyderabad – 500 032
Tel: +91 40 6716 1611
Toll Free no- 1800-572-4001
E-mail Id- adityacapital@kfintech.com

10. Share Transfer System

Share Transfer in physical form is registered normally within a period of 15 days from the date of receipt, provided that the documents are complete in all respects.

Details of Shares Transferred during the Financial Year 2020-21

Transfer Period (in Days)	No. of Transfers	No. of Shares	%
1 – 5	-	-	-
6 – 15	17	1454	100.00
16 and above	-	-	-
Total	**17**	**1454**	**100.00**

11. Investor Complaints details

Nature of Complaints	2020-21		2019-20	
	Received	Redressed	Received	Redressed
Complaints relating to Transfer, Transmission, Demat, Non- receipt of Shares on amalgamation / demerger, Non- Receipt of Annual Report etc.	8	8	35	35

12. Distribution of Shareholding as on 31st March 2021

No. of Shares	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
1-500	4,29,029	83.25	5,50,08,173	2.28
501- 1000	42,535	8.25	3,29,88,956	1.37
1001- 2000	22,528	4.37	3,31,92,670	1.37
2001- 3000	7,745	1.50	1,95,23,943	0.81
3001- 4000	3,723	0.72	1,32,35,636	0.55
4001- 5000	2,683	0.52	1,25,36,378	0.52
5001- 10000	4,138	0.80	2,98,84,671	1.24
10001 & Above	2,939	0.57	2,21,89,07,551	91.87
Total	**5,15,320**	**100.00**	**2,41,52,77,978**	**100.00**

13. Categories of Shareholding as on 31st March 2021

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Promoter and Promoter Group*	25	-	1,70,75,18,195	70.70
Banks, Mutual Funds Financial Institutions and Insurance Companies				
Mutual Funds	83	0.02	3,39,44,119	1.41
Alternate Investment Funds	7	0.00	10,02,50,358	4.15
Banks, Financial Institutions, UTI	191	0.04	11,93,551	0.05
Insurance Companies	20	0.00	6,00,92,162	2.49
Foreign Investors				
FIIs and FPIs	172	0.03	6,73,18,300	2.79
NRIs/OCBs/Foreign Nationals	10,360	2.01	3,24,64,693	1.34
GDSs	1	0.00	1,69,20,634	0.70
Foreign Bodies - Corporate	1	0.00	10,00,00,000	4.14
Bodies Corporate	2,654	0.52	3,58,26,360	1.48
Trusts	51	0.01	2,78,855	0.01
Central/ State Government	2	0.00	11,068	0.00
NBFCs	12	0.00	2,81,148	0.01
Other - Individual/ Clearing Members	5,01,745	97.36	25,91,78,535	10.73
Total	**5,15,324**	**100.00**	**2,41,52,77,978**	**100.00**

** Includes 3,36,16,128 (1.39%) GDSs held by Promoter Group entities*

Corporate Governance Report (Contd.)

14. Dematerialisation of Shares and Liquidity

98.73% of outstanding equity shares have been dematerialised as on 31st March 2021. Trading in shares of your Company is permitted only in the dematerialised form. The Equity Shares of the Company are available for trading in the dematerialised form under both the Depositories viz. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").

Shares held in Demat mode in NSDL	:	93.17%
Shares held in Demat mode in CDSL	:	5.56%
Total	:	**98.73 %**

15. Details on use of public funds obtained in the last three years

1. The Company has issued and allotted 4,84,00,000 Equity Shares of face value of ₹10 each on Private placement basis at a per share price of ₹ 145.40 fully paid-up, which inter-alia includes a share premium of ₹ 135.40 aggregating to ₹ 703.88 Crore to PI Opportunities Fund - 1 ("PIOF") in pursuance of the subscription agreement entered into between the Company and PIOF. The allotment of the aforesaid shares was made on 30th June 2017. The amount received as consideration was used towards growth, expansion, marketing and general corporate activities, repayment of borrowings and investment in Subsidiaries of the Company.

2. The Company has issued and allotted 21,00,00,000 Equity Shares of face value of ₹ 10 each on preferential basis at a per share price of ₹ 100 fully paid-up, which inter-alia includes a share premium of ₹ 90 aggregating to ₹ 2,100 Crore out of which ₹ 1,000 Crore received from the Promoter and members of the Promoter Group Companies, ₹ 100 Crore from PI Opportunities Fund - 1 and ₹ 1,000 Crore received from Jomei Investments Limited ("JIL") in pursuance of the subscription agreement. The allotment of the aforesaid shares was made on 16th October 2019 to Promoter and members of the Promoter Group Companies and PIOF and on 27th February 2020 to JIL. The amount received as consideration is being used for repayment of borrowings and investments in Subsidiaries of the Company and as on 31st March 2021, ₹ 1,857 Crore were utilised out of the aforesaid proceeds of ₹ 2,100 Crore.

16. Outstanding GDSs/ADRS/ Warrants or any Convertible instruments, Conversion date and likely impact on Equity

There were 5,05,36,762 (2.09%) outstanding GDSs as on 31st March 2021. Each GDS represents one underlying Equity Share. There are no ADRs, Warrants/Convertible Bonds outstanding as at the year end.

17. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any exposure to commodity price risks and foreign exchange risk.

18. Credit Rating

ICRA Ltd. has assigned a rating of "[ICRA] A1+" and CRISIL Ratings has assigned "CRISIL A1+" for the Commercial Paper Programme of the Company for an amount of ₹ 300 Crore (Rupees Three Hundred Crore only) and both have revalidated the ratings from time to time. During the financial year under review, ICRA Ltd. assigned a [ICRA]AAA (pronounced as ICRA triple A) (stable) rating for the issue of ₹ 200 Crore (Rupees Two Hundred Crore only) Non-Convertible Debenture (NCD) Programme of the Company.

19. Other useful information for the Members

Share Transfer/Dematerialisation

Pursuant to amendment to Regulation 40 of SEBI (LODR) Regulations read along with BSE Circular dated 5th July 2018 and NSE circular dated 9th July 2018, with effect from 1st April 2019 request for effecting transfer of securities shall not be processed unless the securities are held in the Dematerialised form with the depository. Subsequently, vide SEBI Press Release No. 12/2019 dated 27th March 2019, it was clarified that transfer deeds lodged prior to deadline of 1st April 2019 and rejected / returned due to deficiency in the documents may be re-lodged with requisite documents. The cut-off date for re-lodgement of transfer deeds was fixed as 31st March 2021 pursuant to SEBI circular dated 7th September 2020.

Pursuant to above circular, the members are therefore requested to dematerialise the said shares at the earliest to avoid any inconvenience in future for transferring those shares.

Dematerialisation requests, duly completed in all respects, are normally processed within 21 days from the date of receipt by the RTA.

Members are requested to note that if the physical documents, viz., Dematerialisation Request Form (DRF), Share Certificates, etc., are not received from their concerned Depositary Participants (DPs) by the RTA within a period of 15 days from the date of generation of the Dematerialisation Request Number (DRN) for dematerialisation, the DRN will be treated as rejected/ cancelled. This step is being taken on the advice of NSDL, so that no dematerialisation request remains pending beyond a period of 21 days.

Updating Permanent Account Number (PAN), Bank details and e-mail address

Members are requested to update their details such as PAN, Bank details and any changes in the registered address with the concerned DPs and in case of physical holding with the RTA. Further, non-resident members are additionally requested to provide an Indian address and Indian bank account details for sending all communications, if not provided earlier, either to the RTA or DP as applicable.

Members who have not yet registered their e-mail address for availing the facility of e-communication, are requested to register the same with the Company/ RTA or their DPs for easier and faster correspondence.

The Company has also published a newspaper advertisement in Business Standard (All editions) and Sandesh (Rajkot edition) on 5th May 2021 informing members the process for registration of their e-mail ids.

Members holding shares in physical or demat mode, can register their e-mail address by accessing the links provided below:

https://ris.kfintech.com/email_registration/ and https://www.adityabirlacapital.com/investor-relations

Consolidation of Folios

Members of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Folio(s) in physical form are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the RTA.

Nomination Facility for Shareholding

Section 72 of the Act, extends nomination facility to individuals holding shares in physical form. Members, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company at https://www.adityabirlacapital.com/investor-relations/shareholder-centre or can be obtained from the Company's RTA by sending a written request through any mode including e-mail on adityacapital@kfintech.com.

Loss of Share certificate

In case of loss/misplacement of share certificate, investors should immediately lodge an FIR/Complaint with the police and inform the Company/RTA along with the original or certified copy of FIR/Acknowledged copy of Police Complaint along with a self-attested copy of their PAN card and address proof viz. Aadhar card / electricity bill etc.

Unclaimed Shares in Physical Form

Regulation 39 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides the manner of dealing with the shares issued in physical form pursuant to a public issue or any other issue and which remains unclaimed with the Company. In case your shares are lying unclaimed with the Company, you are requested to claim the same by writing a letter to the Company/ RTA.

A report in respect of the Equity Shares lying in the Unclaimed Suspense Account as on 31st March 2021 is as under

Sr. No	Description	Number of Shareholders	Number of Equity Shares (face value of ₹ 10 each)
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at 1st April 2020	8,245	8,56,029
2	Number of shareholders who have approached the issuer for transfer of shares from the Unclaimed Suspense Account during the financial year	2	390
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the financial year under review	2	390
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at 31st March 2021	8,243	8,55,639

The voting rights on the shares in the suspense account as on 31st March 2021, shall remain frozen till the rightful owners of such shares claim the shares.

In view of the above, the Company had sent several reminders dated 15th March 2018, 1st February 2019, 16th September 2019 and 8th February 2021 to members informing them the status of their shares and asking them to provide documents to claim the undelivered share certificates. Further, vide letter dated 16th January 2020 the Company has tried to reach out to members holding shares in physical form (including the members whose share certificates are lying undelivered with the Company) to dematerialize their holdings.

Web-based Query Redressal System

Members may utilise the facility extended by the RTA for redressal of queries, by visiting https://karisma.kfintech.com/ and clicking on 'INVESTORS SERVICES' option for

Corporate Governance Report (Contd.)

query registration through free identity registration process. Investors can submit their query in the 'QUERIES' option provided on the above website, which would generate the grievance registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

K-PRISM

Members are requested to take note that, KFin has launched K-PRISM, a secure mobile interface through which investors who utilise the corporate registry services of KFin will now be able to access their application status, allotment of shares, download Annual Reports, standard forms and keep track of upcoming General Meetings all on the go, in a hassle free, paper-less process. The mobile application is available for download on the Android Play Store and a desktop version can be accessed at https://kprism.kfintech.com. Members can download the mobile application and register themselves (onetime) for availing a host of services viz. consolidated portfolio view serviced by KFin, requests for change of Address, change/ update Bank Mandate. etc.

Correspondence with the Company

Members/ Beneficial Owners are requested to quote their Folio No. /DP ID and Client ID, as the case may be, in all correspondence with the Company's RTA. All correspondence regarding the shares of the Company should be addressed to KFin. KFin also has a designated exclusive e-mail ID adityacapital@kfintech.com for the Company and a designated toll free no. i.e. 1800-572-4001 for investor services where they can register their complaints/queries to facilitate speedy and prompt redressal.

Service of Documents in Electronic Form (Green Initiative in Corporate Governance)

In order to conserve paper and the environment, the Ministry of Corporate Affairs ("MCA"), Government of India, has allowed companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Board's Reports, Auditors' Reports, etc., henceforth to their members electronically as a part of its Green Initiative in Corporate Governance.

Members can avail e-communication facility by registering their e-mail address with the Company by sending the request on e-mail to abc.secretarial@adityabirlacapital.com or adityacapital@kfintech.com.

Benefits of registering your e-mail address for availing e-communication:

- it will enable you to receive communication promptly;
- it will avoid loss of documents in postal transit; and
- it will help in eliminating wastage of paper, reduce paper consumption and, in turn, save trees.

Feedback: Members are requested to give us their valuable suggestions for improvement of our investor services to our Corporate Office or Registered Office or via email at abc.secretarial@adityabirlacapital.com.

20. Plant Location

The Company is engaged in financial services business and does not have any plant.

21. Investor Correspondence

(i) Registered Office:

Aditya Birla Capital Limited
Indian Rayon Compound,
Veraval - 362 266, Gujarat
Tel: +91 2876 243257
Fax: +91 2876 243220
E-mail: abc.secretarial@adityabirlacapital.com

(ii) Corporate Office

Aditya Birla Capital Limited
One World Centre, Tower I,
18th Floor, Jupiter Mill Compound,
841 Senapati Bapat Marg,
Elphinstone Road, Mumbai- 400 013
Tel: +91 22 4356 7000
Fax: +91 22 4356 7111
E-mail: abc.secretarial@adityabirlacapital.com

(iii) Registrar & Transfer Agent

KFin Technologies Private Limited
Unit: Aditya Birla Capital Limited
Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally,
Hyderabad – 500 032
Tel: +91 40 6716 1611
Toll Free no: 1800-572-4001
E-mail : adityacapital@kfintech.com

CODE OF CONDUCT DECLARATION

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of the Board and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for Board and Senior Management Personnel of the Company during the financial year ended 31st March 2021.

Date: 14th May 2021

Ajay Srinivasan
Chief Executive Officer

CEO - CFO CERTIFICATION

To
The Members,
Aditya Birla Capital Limited,

We certify that:

1. We have reviewed the Audited Financial Statements and the cash flow statement of Aditya Birla Capital Limited ("the Company") for the financial year ended 31st March 2021 and to the best of our knowledge and belief:
    a) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
    b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions have been entered into by the Company during the financial year ended 31st March 2021, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:-
    i. significant changes in the Company's internal control over financial reporting, if any, during the financial year ended 31st March 2021;
    ii. significant changes in accounting policies, if any, during the financial year ended 31st March 2021 have been disclosed in the notes to the Financial Statements; and
    iii. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.
5. We further confirm that there has been no deviation in the use of proceeds of funds raised by the Company, from the objects/ purpose stated in the application/ offer letter.

Ajay Srinivasan
Chief Executive Officer

Pinky Mehta
Chief Financial Officer

Date: 14th May, 2021

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	L67120GJ2007PLC058890
2.	**Name of the Company**	Aditya Birla Capital Limited
3.	**Registered address**	Indian Rayon Compound, Veraval - 362 266, Gujarat, India
4.	**Website**	www.adityabirlacapital.com
5.	**E-mail id**	abc.secretarial@adityabirlacapital.com
6.	**Financial Year Reported**	1st April 2020 to 31st March 2021
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	The Company holds a certificate of Registration issued by the Reserve Bank of India to carry on business of a Non-Deposit taking Systemically Important Core Investment Company (CIC-ND-SI) under Section 45-IA of the Reserve Bank of India Act, 1934. Code: 6420 (Activities of Holding Company)
8.	**List three key products/services that the Company manufactures /provides (as in balance sheet)**	Aditya Birla Capital Limited ("the Company/ your Company") is the Holding Company of various Subsidiaries having presence across several business sectors including nonbanking financial companies (NBFC), asset management, life insurance, health insurance, housing finance, private equity, insurance broking, wealth management, equity and commodity broking, pension fund management and asset reconstruction business.
9.	**Total number of locations where business activity is undertaken by the Company**	As on 31st March 2021, the Company and its Subsidiaries had 861 branches across 346 locations in India. The step down Subsidiaries of the Company have presence in Mauritius, Dubai and Singapore.
10.	**Markets served by the Company**	The Company's Subsidiaries serve customers in India and international locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Standalone	Consolidated
1.	**Paid-up Equity Capital as on 31st March 2021**	₹ 2,415.28 Crore	
2.	**Total Turnover/ Revenue from operations**	₹ 107.89 Crore	₹ 19247.79 Crore
3.	**Total Profits after taxes**	₹ 73.03 Crore	₹ 1126.54 Crore
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	During the financial year under review, your Company was not required to make any expenditure towards Corporate Social Responsibility ("CSR") projects, in absence of average net profit for three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Act.	
5.	**List of activities in which expenditure in 4 above has been incurred**	Not Applicable	

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

As on 31st March 2021, the Company had 19 (Nineteen) Indian Subsidiaries and 6 (Six) Foreign Subsidiaries (including step down Subsidiaries).

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

Yes, 6 (Six) Subsidiaries participate in the business responsibility initiatives of the Company

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

No.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BRR policy/ policies

DIN Number (if applicable)	00020021
Name	Mr. S.C. Bhargava
Designation	Independent Director

b) Details of the BR Head

Sr. No.	Particulars	Details
1.	**DIN Number (if applicable)**	00121181
2.	**Name**	Mr. Ajay Srinivasan
3.	**Designation**	Chief Executive Officer
4.	**Telephone number**	+91 22 4356 7000
5.	**e-mail id**	ajay.srinivasan@adityabirlacapital.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability through their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2a. Details of compliances:

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P7	P 8	P 9
1.	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any National/ International Standards? If yes, specify? (50 Words).	Yes. The Environment, Social and Governance scorecard conforms to national standards and is guided by international standards like Equator Principles and the United Nations supported Principles for Responsible Investment standards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/ CEO /Appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Employee focused policies are accessible only by employees of the Company and its Subsidiaries and are not shared in the public domain. Various policies of the Company are available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/policies-and-codes								

Business Responsibility Report (Contd.)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P7	P 8	P 9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Internal Auditors of the Company from time to time review implementation of these Policies.								

2b. If answer to Sr. No.1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P7	P 8	P 9
1.	The company has not understood the Principles	Not Applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Company assesses its Business Responsibility performance annually.

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes Business Responsibility Report on an annual basis. The Business Responsibility reports are available on the website of the Company viz., https://www.adityabirlacapital.com/investor-relations. The Company also publishes Sustainability Reports in accordance with the Global Reporting Initiative (GRI) Standards. The Sustainability Reports are available on the website of the Company at https://www.adityabirlacapital.com/investor-relations/Sustainability-Reports

SECTION E: PRINCIPLE – WISE PERFORMANCE

The Company and its Subsidiaries are a part of Aditya Birla Group, which has long standing policies on various aspects of doing business and managing its external interfaces.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Venture/ Suppliers/ Contractors/ NGOs/ Others?**

The Company's governance structure guides the organisation keeping in mind the core values of Integrity, Commitment, Passion, Seamlessness and Speed. The Corporate Principles and Code of Conduct cover all employees of the Company (including probationers and trainees) and covers all its Subsidiaries and joint venture companies.

The Company also has a Code of Conduct that is specifically designed for all the Board Members and Senior Management. The said Code is approved by the Board of Directors of the Company and is available on the Company's website: i.e. www.adityabirlacapital.com.

Though the Company's policies currently do not apply to external stakeholders including suppliers, contractors, Non-Governmental Organisation's etc., the Company along with its Subsidiaries insist on adherence to ethical business practices by such agencies during their dealings.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.**

   During the financial year under review, 8 (Eight) complaints were received from the Shareholders, all of which were attended to/resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company is a Core Investment Company (CIC) registered with Reserve Bank of India. The Subsidiaries of the Company are engaged in various sectors viz. Non-Banking Financial activities, asset management, life insurance, health insurance, housing finance, private equity, insurance broking, wealth management, equity and commodity broking, pension fund management and asset reconstruction business. Given the nature of business of the Company and its Subsidiaries, it does not have any goods and raw material utilisation as part of its products and services. However, the Company has recently implemented an internal Environment, Social and Governance (ESG) Scorecard that enables businesses to assess their portfolios' ESG risks. The scorecard is guided by international best practices like Equator Principles and the United Nations-supported Principles for Responsible Investment standards. Further details are elaborated in the Sustainability Report which is available on the website of the Company.

   Additionally, in December 2020, Aditya Birla Sun Life AMC Limited launched the Aditya Birla Sun Life ESG fund with a focus on inclusion of ESG compliant stocks in the portfolio.

2. **For each such product, provide following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Not applicable considering the nature of financial services rendered by the Company and its Subsidiaries.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.**

   Considering the nature of financial products which are service oriented and not material resource intensive, sustainable sourcing for Company's products is not applicable.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Not applicable

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof in 50 words or so.**

   Considering the nature of business of the Company and its Subsidiaries, this question is not applicable. However, the Company and its Subsidiaries have procedures to dispose off e-waste in accordance with the applicable laws. The Company and its Subsidiaries conduct recycling activities through its service provider ViaGreen which collects dry waste from offices and branches and which can be traded in for environment friendly office stationery made of recycled materials, contribution towards charitable causes and tree plantation drives or for cash.

Principle 3 - Businesses should promote the well being of all employees

1. **Please indicate the Total number of employees.**

   The Company had 29 (Twenty Nine) employees as on 31st March 2021.

2. **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.**

   During the financial year under review, no employee was hired on temporary/contractual/ casual basis by the Company.

3. **Please indicate the Number of permanent women employees.**

   The Company had 6 (six) permanent women employees, as on 31st March 2021.

4. **Please indicate the Number of permanent employees with disabilities.**

   The Company did not have any permanent employee having disability as on 31st March 2021.

Business Responsibility Report (Contd.)

5. **Do you have an employee association that is recognized by management?**
   The Company does not have any employee association that is recognized by the Management.

6. **What percentage of your permanent employees is members of this recognized employee association?**
   Not applicable since the Company does not have any employee association that is recognised by the Management.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year 2020-21	No. of complaints pending as on 31st March 2021
1.	Child labour / forced Labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Sr. No.	Category of Employees	Safety Training	Skill Upgradation
1.	Permanent Employees	-	90%
2.	Permanent Women Employees	-	50%
3.	Casual/ Temporary/ Contractual Employees	-	-
4.	Employees with Disabilities	-	-

Employee health and safety is of prime importance for the Company and its Subsidiaries. The Company conducts robust and periodic training on fire safety and evacuation related training for floor marshals and employees across offices and branches. Periodic fire evacuation drills are conducted at the office locations as well as branches, to sensitize employees about fire safety norms. The Company has tie-ups with vendors to educate and demonstrate use of firefighting equipment to the staff. The Company also conducts safety training for women employees where they are trained on situation reaction and self-defense and briefed on legal provisions relevant to their safety. The Company focuses on equipping employees with the requisite knowledge and skill.

Your Company through its Subsidiaries also conducted various programmes, designed to meet the changing skill requirements of the its employees. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. The Company also organised various sessions in-house on a regular basis and also sponsor our employees to attend training sessions organized by external professional bodies to facilitate skill upgradation of employees handling relevant functions.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**
   Your Company through its Subsidiaries mapped its internal as well as external stakeholders and carries out engagements with investors, employees, clients and business partners etc. The internal stakeholders like employees of the Company and its Subsidiaries are reached through surveys and regular engagements. The external stakeholders are reached through defined activities such as press releases, analyst/investor meets, client events, participation in events organised by various associations, etc.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**
   The Company through its Subsidiaries has identified the disadvantaged, vulnerable and marginalized stakeholders through need assessment and engagement with such marginalised communities under their Corporate Social Responsibility activities.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof in 50 words or so.**
   The Company through its Subsidiaries remains committed to bettering the lives of the underprivileged, through its CSR efforts. We are focused around 4 areas of Healthcare, Education, Women Empowerment & Sustainable Livelihood and Sports. The CSR footprint of the Company's Subsidiaries extends across 12 states, through partnerships with 36 NGOs, while benefitting and bettering the lives of over 2.25 Lakh people. Our commitment, effort and work continues to win recognition and accolades.

Principle 5: Businesses should respect and promote human rights.

1. **Does the policy of the Company on Human Rights cover only the Company or extends to the Group/ Joint Ventures /Suppliers / Contractors/ NGOs/ others?**
   The Company does not have any specific policy on human rights. However, the Aditya Birla Group has put in place a Human Rights Policy which extends to the Company and its Subsidiaries. The Company and its Subsidiaries adhere to all statutes which embody the principles of human rights such as prevention of child labour, prevention of sexual harassment, equal employment opportunities, rights to raise grievances over relevant issues etc. The Company and its Subsidiaries are committed to foster a work environment in which all individuals are treated with respect and dignity.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
   The Company has not received any stakeholder complaints on human rights issues during the financial year under review.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors/NGOs/others?**
   The Company's Sustainability policy is guided by Aditya Birla Group's Sustainability Vision and is extended to our Subsidiaries and their projects as applicable. The internal environment management policy guides the Company towards achieving resource efficiency and creating employee awareness on positive environmental actions.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**
   The Company's internal Environment, Social and Governance (ESG) Scorecard helps the Company move towards the Paris Agreement goal of addressing issues like climate change, pollution reduction and management, emission reduction etc., which is also available on the Company's website at https://www.adityabirlacapital.com/about-us/csr-and-sustainability

3. **Does the company identify and assess potential environmental risks? Y/N**
   The Company has embedded ESG Scorecards for 25 sectors in its Lending business Subsidiaries for Project and Infrastructure Financing, which has enabled the business to grade each of their Loans on the defined ESG parameters.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof in, about 50 words or so. If Yes, whether any environmental compliance report is filed?**
   Not applicable since the Company and its Subsidiaries are engaged in the activities relating to financial services.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**
   The Company and its Subsidiaries are committed to reducing its negative environmental impact in its internal operations. In this regard, the Company along with its Subsidiaries tied up with ViaGreen, who helps us in waste management and recycling. Most of our offices are installed with LED lights making them very energy-efficient. Further the first rooftop solar panel was installed in our Bengaluru offices. Similar renewable energy installations in other office buildings will be taken up in the future.

   The Company, in support of Ministry of Corporate Affairs 'Green Initiative', sends its various notices and documents, including Annual Report, to its Members through electronic mode at their registered e-mail addresses, thus saving a large quantity of paper and as a measure of protecting the environment saving many trees.

   We have also requested shareholders to register their e-mail IDs to receive Annual Report and other communications through e-mail instead of physical form.

   Renewable Energy Financing by Aditya Birla Finance Limited ("ABFL"), material subsidiary of the Company.

   Renewable Energy financing is a key part of ABFL Project Finance vertical and caters to Wind Energy and Solar Energy projects which are helping in reducing overall energy dependence of the country on Coal based power projects. ABFL conducts ESG due-diligence for all Renewable Projects ensuring compliance with sustainable business practices in addition to compliance with rules & regulations. The Project Loan Portfolio of Renewable Energy financing is in the range of ₹ 2500 Crore – ₹ 3,000 Crore in ABFL, which is > 5% of ABFL's Total Asset Book.

   ABFL has received approximately ₹ 1000 Crore of funding from International Finance Corporation ("IFC") specifically to promote Green and Renewable energy, which is also monitored for compliance in line with IFC Standards for ESG.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
   The Company and its Subsidiaries comply with applicable environmental regulation in respect of its premises.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   During the financial year under review, no show cause notice or legal notices were received by the Company and its Subsidiaries from CPCB/ SPCB.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
   The Company and its Subsidiaries work closely with collective trade and industry associations and also participates in key projects and initiatives undertaken by the Government and regulators.

   Some of the key trade and industry associations include: Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Bombay Chamber of Commerce and Industry, etc.

   Our participation with various associations helps us understand industry wide issues and thus help contribute in developing policies that are beneficial to the stakeholders. Members of Senior management of the Company and its Subsidiaries are Members of various Committees constituted by regulators and industry bodies.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
   Through various trade and industry associations, the Company along with its Subsidiaries promotes policies and initiatives that aim to create efficient and transparent financial systems for the country, enhance financial and digital literacy and support key sectors of nation building and rural development.

Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**
   The Company and its Subsidiaries have put in place a Policy on Corporate Social Responsibility ("CSR") to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Company's vision is - "To actively contribute to the social and economic development of the communities in which we operate. In so doing to build a better, sustainable way of life for the weaker and marginalized sections of society and raise the country's human development index".

   The CSR Policy of the Company articulates positive contribution towards economic, environmental and social well-being of communities through its CSR activities. Various projects are implemented in the areas related to healthcare, education, women empowerment & sustainable livelihood and sports.

2. **Are the programmes / projects undertaken through in-house team / own foundation /external NGO / government structures/any other organization?**

   The programmes/projects are undertaken through in-house teams and Aditya Birla Capital Foundation, a Section 8 Company incorporated to incur expenditure towards Corporate Social Responsibility activities on behalf of the Company and its Subsidiaries, in partnership with the project implementation entity.

3. **Have you done any impact assessment of your initiative?**
   Yes, the Subsidiaries of the Company have got social audit of its key CSR initiatives conducted by an independent agency to ascertain efficacy and effectiveness of the projects by using a multi-stakeholder model.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**
   The Company's Subsidiaries have spent an amount of ₹ 38.24 Crore during the financial year 2020-21 towards CSR related activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
   In all the CSR projects undertaken by its Subsidiaries, it endeavours to ensure the sustainability of the project

by making the community co-owner of the project. We encourage participation of all key stakeholders at every stage of the project.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year**
   The Company does not have any direct customer/ consumer being a Core Investment Company. There are no customer complaints/consumer cases pending against the Company as on 31st March 2021.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**
   Not applicable, since the Company and its Subsidiaries are engaged in the activities relating to financial services. However, all necessary disclosure requirements relating to the services offered by the Company and its Subsidiaries are complied with, including the Advertising Standards Code of India (ASCI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority of India (IRDAI) guidelines as applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
   During the last five years, no cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/ or anti–competitive behaviour.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**
   Yes, Consumer Satisfaction Surveys are being conducted by external agencies as well as internal teams periodically to assess consumer satisfaction. One such mechanism, is the Net Promoter Score (NPS) mechanism, which measures and improves customer satisfaction at key stages of customers' journey.

   The Company has not carried out any formal consumer survey to map consumer satisfaction. However, the Company and its Subsidiaries always put the interest of clients before its own interest. We understand client needs, seek new opportunities for them, address them and deliver unique solutions as per their expectations. The Company and its Subsidiaries promote their products in ways that do not mislead clients.

ADITYA BIRLA GROUP INITIATIVES ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

For more than a century, the Aditya Birla Group, of which the Company is a part, has been deeply engaged in community work. The COVID-19 pandemic presents an unprecedented challenge to the nation. This crisis calls for an even stronger and concerted action from corporate citizens to join the national effort and help the Government in the fight against the pandemic.

> *"India's COVID case load has been the highest. We are all collectively struggling, to stem this extremely challenging, and huge calamity. The Government, NGOs, corporates and other key stakeholders, have coalesced to bring COVID relief measures. Even at the cost of being repetitive, let us acknowledge our nation's doctors, medical and paramedical workers. They have and continue, to go beyond the line of duty, to bring succor to the COVID afflicted. Our population and the size of our country is beyond comparison. Enormous challenges confront us. We can overcome them with a strong sense of solidarity.*
>
> *I would like to apprise you of the various initiatives we have taken through multiple channels at Aditya Birla Group. I will focus on the relief measures executed by us at FICCI Aditya Birla CSR Centre for Excellence, we took cognizance, of the immediate needs that were COVID driven. First and foremost, was the need to address the problem of getting food for the marginalized. We worked with ISKON, and distributed cooked meals, for lunch and supper in Delhi, Mumbai, and Noida. We reached out to thousands of families. Likewise, we distributed ration kits, in partnership with Goonj, to thousands of families in 11 states. We arranged for 90,000 PPE kits, for frontline health workers in six states. COVID-19 is also a livelihood disaster. More so for the informal sector workers, migrants, small land holding farmers, returnee migrants, villages youths and tribal women. So, with the Nudge Foundation, we launched a 3-year project, themed on "Creating Resilient Communities" in Odisha, West Bengal, Delhi NCR, Uttar Pradesh, Jharkhand, Karnataka and Maharashtra. We have impacted 4 lakh families.*
>
> *If you recall we had already shared with you the immediate COVID steps taken after the outbreak of the pandemic. Besides contributing over ₹ 500 Crore, we tried to address related issues at every level. Here is an update:*

- *Providing 5,000 jumbo cylinders pan India*
- *We have ordered 36 oxygen Pressure Swing Adsorption plants. Of these, six PSA plants have been delivered (Gujarat and eastern UP). These plants produce a litre of oxygen every 60 seconds and are integral to meet the oxygen shortage.*
- *Additionally, 2000 oxygen concentrators, based on the Hub & Spoke model have been instituted in the major state's capitals, which then pan out to the smaller towns.*
- *1000 oxygen concentrators supplied by Novelis, distributed to hospitals and communities*
- *In addition, liquid oxygen plants are on stream across the nation at our plant sites. To give you a feel, the Birla Copper Plant in Dahej, has been supplying 25 tonnes of liquid oxygen day in and day out to bridge the gap. Up until now 1600 tonnes of liquid oxygen has been supplied to the Gujarat Government*
- *We are importing cryogenic tanks.*
- *Furthermore, specially designed 40 mobile cardiac ambulances are in service all over the country.*
- *More than 500 beds have been earmarked across locations.*
- *Proactive engagements with local communities, and other stakeholders, is an ongoing activity.*
- *More than a million triple layer surgical masks, have been distributed, along with tens of thousands of personal protective equipments.*
- *Hundreds of ventilators have also been given.*
- *To reinforce COVID prevention messages, such as using mask, social distancing, and sanitizing, are unending.*

Consequent to the extended lockdowns, still good work is done. The spotlight continues to be on education, healthcare, women empowerment & sustainable livelihood, sports in sync with the major UN SDG goals.

Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development

FINANCIAL STATEMENTS

Independent Auditor's Report

To
The Members of
Aditya Birla Capital Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Aditya Birla Capital Limited** (the "Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Impairment of Investments** Where impairment indicators have been identified, the quantification of impairment in the carrying value of investments is considered to be a risk area due to the judgmental nature of key assumptions. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. (Refer Note 2.3, 8 and 48 to the Standalone Financial Statements)	We performed the following audit procedures: • Comparing the assumptions to externally derived data in relation to key inputs such as long-term growth rates and discount rates. • Assessing the appropriateness of the forecasted cash flows within the budgeted period based on our understanding of the business. • Considering historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved. • Involving our fair valuation experts to challenge the management's underlying assumptions for terminal growth rate and weighted average cost of capital and the appropriateness of the valuation model used. • Performing sensitivity analysis in relation to the key assumptions.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists,

Independent Auditor’s Report

we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended,

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Mukesh Jain
Partner
Membership No. 108262
(UDIN: 21108262AAAAIY9944)
Place: Mumbai
Date: 14th May 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Aditya Birla Capital Limited (the "Company") as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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, the Company has, 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 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Mukesh Jain
Partner
Membership No. 108262
(UDIN: 21108262AAAAIY9944)
Place: Mumbai
Date: 14th May 2021

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b) The Fixed assets were physically verified during the previous year by the Management with a regular programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of share certificate provided to us, we report that, the title deed, comprising the immovable property in building (Apeejay House) which is freehold, is in the name of the Company as at the balance sheet date.

(ii) The Company is Core Investment Company and its activities do not require it to hold any inventories and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c) There is no overdue amount remaining outstanding as at the year-end.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments, provided guarantees and security under provisions of section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as on the Balance Sheet date and hence reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Family Pension Fund, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Employee's State Insurance, Customs duty and Cess during the year.

b) There were no undisputed amounts payable in respect of Provident Fund, Family Pension Fund, Income-tax, Goods and Service Tax and other material statutory dues in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.

c) There were no dues in respect of Customs duty, Cess, Income-tax and Goods and Service Tax which have not been deposited as on 31st March 2021 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us the Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the previous year the Company has made preferential allotment of equity shares and it is in compliance with the section 42 of the Companies Act, 2013. The part of the amount raised through preferential allotment has been used for the purposes for which the funds were raised, and balance is maintained in mutual fund as temporary investments pending utilisation for stated purposes.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

Mukesh Jain
Partner
Membership No. 108262
(UDIN: 21108262AAAAIY9944)
Place: Mumbai
Date: 14th May 2021

Standalone Balance Sheet

as at 31st March 2021

₹ crore

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
I ASSETS			
(1) Financial Assets			
(a) Cash and Cash Equivalents	3	2.07	6.21
(b) Bank Balance other than (a) above	4	0.26	0.26
(c) Receivables	5		
(i) Trade Receivables		-	-
(ii) Other Receivables		9.36	14.83
(d) Loans	6	104.08	20.07
(e) Other Financial Assets	7	2.08	2.84
(f) Investments	8	9,554.54	9,528.14
Sub-Total		**9,672.39**	**9,572.35**
(2) Non-Financial Assets			
(a) Current Tax Assets (Net)		17.04	17.30
(b) Investment Properties	9	15.24	15.68
(c) Property, Plant and Equipment	10	4.26	6.00
(d) Capital Work-in-Progress		0.12	0.12
(e) Intangible Assets Under Development		-	0.05
(f) Right-to-Use of Assets		10.79	1.55
(g) Other Intangible Assets	11	0.30	1.86
(h) Other Non-Financial Assets	12	14.96	11.50
Sub-Total		**62.71**	**54.06**
Total Assets		**9,735.10**	**9,626.41**
II LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Trade Payables			
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note No. 42)		8.74	8.74
(b) Lease Liabilities		10.99	1.24
(c) Other Financial Liabilities	13	19.87	18.44
Sub-Total		**39.60**	**28.42**
(2) Non-Financial Liabilities			
(a) Provisions	14	44.42	34.95
(b) Deferred Tax Liabilities (Net)	15	96.33	101.44
(c) Other Non-Financial Liabilities	16	3.78	4.88
Sub-Total		**144.53**	**141.27**
(3) Equity			
(a) Equity Share Capital	17	2,415.28	2,413.76
(b) Other Equity	18	7,135.69	7,042.96
Total Equity		**9,550.97**	**9,456.72**
Total Liabilities and Equity		**9,735.10**	**9,626.41**
Significant Accounting Policies	2		
The accompanying Notes are an integral part of the Financial Statements.			

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Standalone Statement of Profit and Loss

for the year ended 31st March 2021

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
REVENUE FROM OPERATIONS			
Interest Income	19	12.47	19.10
Dividend Income	20	82.94	175.72
Net Gain/(Loss) on Fair Value Changes	21	12.48	5.00
Total Revenue from Operations		**107.89**	**199.82**
Other Income	22	0.88	1.46
Total Income		**108.77**	**201.28**
EXPENSES			
(a) Finance Costs	23	0.14	77.02
(b) Impairment on Financial Instruments including Loss on Derecognition of Financial Assets at Amortised Cost (Expected Credit Loss)	24	0.34	(0.05)
(c) Employee Benefits Expenses	25	21.98	22.03
(d) Depreciation and Amortisation	26	1.35	1.28
(e) Other Expenses	27	12.67	44.18
Total Expenses		**36.48**	**144.46**
Profit Before Exceptional Items and Tax		72.29	56.82
Exceptional Items (Refer Note No. 48)		-	(29.17)
Profit/(Loss) Before Tax		**72.29**	**27.65**
Tax Expenses			
Current Tax		4.38	-
(Excess)/Provision for Tax related to earlier years (Net)		-	-
Deferred Tax		(5.12)	(2.20)
Total Tax Expenses		**(0.74)**	**(2.20)**
Profit/(Loss) for the Year		**73.03**	**29.85**
Other Comprehensive Income	28		
(i) Items that will not be reclassified to Profit or Loss (Net of Tax)		0.34	(0.46)
(ii) Income Tax relating to items that will not be reclassified to Profit and Loss		(0.09)	-
Other Comprehensive Income for the Year, Net of Tax		**0.25**	**(0.46)**
Total Comprehensive Income for the Year		**73.28**	**29.39**
Earnings per Equity Share (Face Value of ₹ 10 each)			
Basic - (₹)	29	0.30	0.13
Diluted - (₹)		0.30	0.13
Significant Accounting Policies	2		
The accompanying Notes are an integral part of the Financial Statements.			

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Standalone Statement of Cash Flows

for the year ended 31st March 2021

₹ crore

	Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
A	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit Before Tax	72.29	27.65
	Adjustments for:		
	Impairment on Financial Instruments	0.34	(0.05)
	Net Gain/(Loss) on Fair Value Changes	(12.48)	(5.00)
	Depreciation and Amortisation	1.35	1.28
	Expense on Employee Stock Options Schemes	1.99	3.40
	Finance Costs	0.14	77.02
	Exceptional Items	-	29.17
	Dividend Income	(82.94)	(175.72)
	Interest Income on Financial Assets (Held at Amortised Cost)	(10.47)	(10.39)
	Interest Income - Others	(0.09)	(0.66)
	Rent Income on Investment Properties	(0.46)	(0.50)
	Profit on Sale of Property, Plant and Equipment	(0.01)	(0.03)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(30.34)**	**(53.83)**
	Adjustments for:		
	Decrease/(Increase) in Loans	(84.35)	98.76
	Decrease/(Increase) in Receivables	29.31	33.22
	Decrease/(Increase) in Other Assets	(3.72)	(1.29)
	Increase/(Decrease) in Trade Payables	-	0.12
	Increase/(Decrease) in Other Liabilities	0.33	(0.60)
	Increase/(Decrease) in Provisions	9.81	6.25
	Cash (Used in)/Generated from Operations	**(48.62)**	**136.46**
	Income Taxes Refund/(Paid)	(4.12)	(1.87)
	Net Cash (Used in)/Generated from Operating Activities	**(83.08)**	**80.76**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment and Intangible Assets	(0.84)	(1.02)
	Sale of Property, Plant and Equipment	0.08	0.20
	Investments in Subsidiaries	(163.22)	(457.38)
	Redemption of Investments in Subsidiaries	37.02	10.00
	(Purchase)/Sale of Current Investments (Net)	121.89	(386.83)
	Dividend Income from Subsidiaries/Joint Ventures	82.94	175.72
	Interest Received on Investments in Subsidiaries (Held at Amortised Cost)	0.71	0.85
	Rent Income on Investment Properties	0.46	0.50
	Net Cash Generated from/(Used in) Investing Activities	**79.04**	**(657.96)**

Standalone Statement of Cash Flows (Contd.)

for the year ended 31st March 2021

₹ crore

	Particulars		Year Ended 31st March 2021	Year Ended 31st March 2020
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from Issue of Shares (including Securities Premium) (Net of Share Issue Expenses)		-	2,097.13
	Proceeds from on account of ESOP exercised (including Securities Premium)		1.51	2.36
	Proceeds Received as Share Application Pending for Allotment		1.38	-
	Payments towards Lease Liabilities (including Interest thereon)		(2.99)	(3.47)
	Proceeds from Debt Securities Issued		-	6,138.13
	Debt Securities Repaid		-	(7,655.00)
	Net Cash (Used in)/Generated from Financing Activities		**(0.10)**	**579.15**
	Net Increase in Cash and Cash Equivalents		(4.14)	1.95
	Cash and Cash Equivalents (Opening Balance)		6.21	4.26
	Cash and Cash Equivalents (Closing Balance)		2.07	6.21
Notes:				
1	Net cash used in operating activities includes the following:-			
	Interest Received		2.16	8.98
	Interest Paid on Borrowings		-	(77.02)
2	Previous year figures have been regrouped/reclassified, wherever applicable.			
Significant Accounting Policies		2		
The accompanying Notes are an integral part of the Financial Statements.				

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Standalone Statement of Changes in Equity

for the year ended 31st March 2021

(A) EQUITY SHARE CAPITAL

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Balance at the beginning of the Year	2,413.76	2,201.40
Issued during the Year	1.51	212.36
Balance at the end of the Year	**2,415.28**	**2,413.76**

(B) OTHER EQUITY

₹ crore

Particulars	Share Application Pending for Allotment	Special Reserve	Capital Reserve	Securities Premium Reserve	General Reserve	Other Reserves: Share Options Outstanding Account	Retained Earnings: Surplus as per the Statement of Profit and Loss	Equity Attributable to Shareholders of the Company
Balance as at 1st April 2019	-	13.14	801.35	4,144.29	-	173.23	(38.41)	5,093.60
Profit/(Loss) for the Year	-	-	-	-	-	-	29.85	29.85
Comprehensive (Loss)/Income for the Year	-	-	-	-	-	-	(0.46)	(0.46)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**29.39**	**29.39**
Application Money Received*	β	-	-	-	-	-	-	β
Transfer to Special Reserve from the Statement of Profit and Loss	-	5.88	-	-	-	-	(5.88)	-
Employee Stock Options Amortisation for the Year	-	-	-	-	-	33.02	-	33.02
Transfer to General Reserve on ESOPs Lapses	-	-	-	-	5.16	(5.16)	-	-
Securities Premium on Issue of Equity Shares	-	-	-	1,890.00	-	-	-	1,890.00
Transferred from Share Options Outstanding on ESOPs Exercised	-	-	-	28.09	-	(28.09)	-	-
Transition Impact of Lease (Ind AS 116)	-	-	-	-	-	-	(0.18)	(0.18)
Share Issue Expenses Netted Off	-	-	-	(2.87)	-	-	-	(2.87)
Balance as at 31st March 2020	**-**	**19.02**	**801.35**	**6,059.51**	**5.16**	**173.00**	**(15.08)**	**7,042.96**
Balance as at 1st April 2020	**-**	**19.02**	**801.35**	**6,059.51**	**5.16**	**173.00**	**(15.08)**	**7,042.96**
Profit/(Loss) for the Year	-	-	-	-	-	-	73.03	73.03
Comprehensive Income during the Year	-	-	-	-	-	-	0.25	0.25
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**73.29**	**73.29**
Application Money Received*	1.38	-	-	-	-	-	-	1.38
Transfer to Special Reserve from the Statement of Profit and Loss	-	14.66	-	-	-	-	(14.66)	-
Employee Stock Options Amortisation for the Year	-	-	-	-	-	18.31	-	18.31
Transfer to General Reserve on ESOPs Lapses	-	-	-	-	1.96	(1.96)	-	-
Lapse of Unvested Options	-	-	-	-	-	(0.24)	-	(0.24)
Transferred from Share Options Outstanding on ESOPs Exercised	-	-	-	17.09	-	(17.09)	-	-
Balance as at 31st March 2021	**1.38**	**33.68**	**801.35**	**6,076.60**	**7.12**	**172.02**	**43.54**	**7,135.69**

Significant Accounting Policies 2

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

*Amount less that ₹ 50,000 shown as β.

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer

Amber Gupta
Company Secretary

Mumbai, 14th May 2021

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Aditya Birla Capital Limited ("the Company") is a listed public company having its registered office at Indian Rayon Compound, Veraval – 362 266, Gujarat. The Company currently operates as a Non-Deposit Taking Core Investment Company registered with the RBI vide certificate no. B.01.00555, dated 16th October 2015. The Company is a majority owned subsidiary of Grasim Industries Limited.

Information on other related party relationship of the Company is provided in Note No. 35.

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 14th May 2021.

The financial statements have been prepared and presented on the going concern basis and at historical cost, except for the following assets and liabilities, which have been subsequently measured at fair value:

- Derivative Financial Instruments measured at fair value,
- Certain financial assets and liabilities at fair value, and
- Employee's Defined Benefits Plans as per actuarial valuation.

To provide more reliable and relevant information about the effect of certain items in the Standalone Balance Sheet and the Standalone Statement of Profit and Loss, the Company has changed the classification of certain items. Previous period/year figures have been re-grouped or reclassified, to confirm to such current period grouping/classifications. There is no impact on Equity or Net Loss due to these regrouping/reclassifications.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Presentation of Financial Statements

The Company presents its financial statements to comply with Division III of Schedule III of the Companies Act, 2013, which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and the requirements of Ind AS. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note No. 40.

Financial assets and financial liabilities are generally reported gross in the Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business, and
- The event of default.

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost,
- Debt instruments at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments, mutual funds at fair value through profit or loss (FVTPL), and
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt Instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved, both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially, as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses, and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity Investments

Investments in Subsidiaries, Associates and Joint Ventures are out of scope of Ind AS 109 and, hence, the Company has accounted for its investments in Subsidiaries, Associates and Joint Ventures at cost.

All other equity investments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Company has irrevocable option to present in OCI, subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition, and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of Financial Assets

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivables;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

With the exception of Purchased or Originated Credit-Impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument, if the credit risk on that financial instrument

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has increased significantly since initial recognition (and consequently for credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company's policy is always to measure loss allowances for lease receivables as lifetime ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company, if the holder of the commitment draws down the loan, and the cash flows that the Company expects to receive, if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-Impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset, have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments which are financial assets measured at amortised cost or FVTOCI, are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors, such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that, as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets, where concessions are contemplated but not granted, the asset is deemed credit-impaired when there is observable evidence of credit-impairment, including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop, if amounts are overdue for 90 days or more.

Purchased or Originated Credit-Impaired (POCI) Financial Assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the Statement of Profit and Loss. A favourable change for such assets creates an impairment gain.

Definition of Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD), which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing, if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example,

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in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal (NCLT), which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis. The Company uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments, unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Significant Increase in Credit Risk

The Company monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk, since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable, and supportable, including historical experience and forward-looking information, that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where, although, the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms, in most of the cases, include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification, are no longer SPPI,
- change in currency or change of counterparty, and
- the extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then:

A. In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL, except in the rare occasions where the new loan is considered to be originated credit-impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high

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risk of default, which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

B. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL, when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance).

Then the Company measures ECL for the modified asset, where the expected cash flows, arising from the modified financial asset, are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the Statement of Profit and Loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write Off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to the financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Presentation of Allowance for ECL in the Statement of Balance Sheet

Loss allowances for ECL are presented in the Statement of Balance Sheet as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and

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- for debt instruments measured at FVTOCI: no loss allowance is recognised in the Balance Sheet as the carrying amount is at fair value.

Where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial assets.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial assets between the part it continues to recognise under continuing involvement, and the part is no longer recognises on the basis of relative fair values of those parts on the date of transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of consideration received for the part no longer recognised, and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal in the Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified, at initial recognition:

- at fair value through profit or loss,
- loans and borrowings,
- payables, or
- as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, and payables are recognised net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurements

The measurement of financial liabilities depends on its classification, as described below:

Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company, that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4 Fair Value Measurements

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on 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, which are subject to insignificant risk of changes in value.

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2.6 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of the investment properties are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss, as incurred.

The Company, based on technical assessment made by the Management, depreciates the building over estimated useful lives of 60 years. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Asset Category	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Investment Properties	60 Years	60 Years

Though the Company measures investment property, using cost-based measurement, the fair value of investment property is disclosed in Note No. 54 Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

2.7 Property, Plant and Equipment (PPE) and Depreciation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its PPE recognised as at 1st April 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of the PPE.

PPE are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repair and maintenance expenses, are charged to the Statement of Profit and Loss during the period in which they are incurred.

Depreciation on PPE 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 Company has used the following useful life to provide depreciation on its PPE.

Asset Category	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Office Equipment (Computers)	3 Years	4 Years
Vehicles	6 Years	4 Years
Furniture and Fixtures	10 Years	5 Years

Useful life of assets different from the corresponding life specified in Schedule II has been estimated by the Management supported by technical assessments.

The estimated useful lives and residual values of the PPE are reviewed at the end of each financial year.

PPE, individually costing less than Rupees five thousand, are fully depreciated in the year of purchase.

Depreciation on the PPE added/disposed off/discarded during the year is provided from/upto the date when added/disposed off/discarded.

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

2.8 Intangible Assets and Amortisation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognised as at 1st April 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment,

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whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets and their useful lives are as under:

Assets	Estimated Useful Life
Exclusive Images	3 Years
Computer Software	3 Years

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year, and the amortisation period is revised to reflect the changed pattern, if any.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits. Amortisation expenses are recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

2.9 Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment, at least annually, and whenever there is an indication then the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the

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Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right-to-use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

The Company 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 assets acquired under finance lease are capitalised 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. Lease management fees, lease charges and other initial direct costs are capitalised.

Operating Lease

The Company as a Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset; (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

Right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash-Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset, if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases, for which the Company is a lessor, are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

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2.11 Employee Benefits

Short-term Employee Benefits

Liabilities for salaries and wages, including non-monetary benefits and accumulating leave balance in respect of employees' services up to the end of the reporting period, are recognised as liabilities (and expenses) and are measured at the amounts expected to be paid when the liabilities are settled.

The Company also recognises a liability, and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined Contribution Plans

Provident Fund: The Company makes defined contributions to employee provident fund and employee pension schemes administered by government organisations, set up under the applicable statute.

Superannuation Fund: Superannuation schemes administered by a trust set up by Grasim Industries Limited ("the Holding Company").

Defined Benefits Plans (Gratuity Obligation)

The obligation in respect of defined benefits plans, which covers Gratuity, which is provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved trust.

In respect of Gratuity being post-retirement benefits, re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, (if applicable) and the return on plan assets (excluding net interest) are reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Statement of Profit and Loss.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognises related restricting costs.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

- service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- net interest expenses or income.

The Company presents the above two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plans liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligations recognised in the Balance Sheet represent the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-term Benefits

The expected costs of other long-term employee benefits, such as long-term service incentive plan benefits (not being share-based payments), are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Profit and Loss in the period in which they arise.

2.12 Employee Share-Based Payments

Equity-Settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black-Scholes Model.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to profit and loss on the straight-line basis over the vesting period of the option, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within equity.

2.13 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the rates of exchange on the reporting date.

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Exchange difference on restatement of all other monetary items is recognised in the Statement of Profit and Loss.

2.14 Revenue Recognition

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

a) Dividend income is accounted for when the right to receive the income is established, which generally when the shareholders approve the dividend.

b) Interest income is accounted for all financial instruments measured at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Interest income on all trading assets and financial assets, mandatorily required to be measured at FVTPL, is recognised using the contractual interest rate in net gain on fair value changes.

2.15 Borrowing Costs

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.

2.16 Taxes

a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the Indian Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

b) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.17 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

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2.18 Statement of Cash Flows

The Statement of Cash Flows are reported using the indirect method, whereby the net 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 Statement of Cash Flows from operating, investing and financing activities of the Company are segregated.

2.19 Earnings Per Share (EPS)

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted-average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted-average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.20 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS, requires judgements, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although, these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialised. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Judgements

Aditya Birla Capital Limited holds either directly or through its Subsidiaries, more than half of the equity shareholding in the following entities. However, as per the shareholders' agreement/statute, the Company needs to jointly decide with other shareholders of the respective entity on certain relevant activities.

Hence, the same are being accounted as per equity method of accounting.

a) Aditya Birla Sun Life AMC Limited (formerly known as Birla Sun Life Asset Management Company Limited)

b) Aditya Birla Sun Life Trustee Company Private Limited (formerly known as Birla Sun Life Trustee Company Private Limited)

c) Aditya Birla Wellness Private Limited

Estimates and Assumptions

The key assumptions, concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful Lives of Property, Plant and Equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the Management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

Measurement of Defined Benefits Obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recognition of Deferred Tax Assets

Availability of future taxable profit against which the tax losses carried forward can be used.

Recognition and Measurement of Provisions and Contingencies

Key assumptions about the likelihood and magnitude of an outflow of resources.

Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the

Notes

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Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of input such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Share-Based Payments

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Impairment of Financial Assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a. The Company's internal credit grading model, which assigns PDs to the individual grades.

b. The Company's criteria for assessing if there has been a significant increase in credit risk, and so, allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.

c. The segmentation of financial assets when their ECL is assessed on a collective basis.

d. Development of ECL models, including the various formulas and the choice of inputs.

e. Determination of associations between macro-economic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

f. Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust, when necessary.

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NOTE: 3 CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Cash on Hand*	-	β
Balances with Banks		
Current Accounts	2.07	1.21
Deposit Accounts (with original maturity period of 3 months or less)	-	5.00
	2.07	**6.21**

Amount less than ₹ 50,000 shown as β.

NOTE: 4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Money Due for Refund on Fractional Shares	0.26	0.26
	0.26	**0.26**

NOTE: 5 RECEIVABLES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
i) Trade Receivables	-	-
ii) Other Receivables (Carried at Amortised Cost, except otherwise stated)		
Receivables from Related Parties	9.36	14.83
	9.36	**14.83**

NOTE: 6 LOANS

(Carried at Amortised Cost, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, Considered Good		
Inter-Corporate Deposits (including Accrued Interest thereon)	104.50	20.15
Less: Impairment Loss Allowance	(0.42)	(0.08)
	104.08	**20.07**

NOTE: 7 OTHER FINANCIAL ASSETS

(Carried at Amortised Cost, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, Considered Good		
Security Deposits	2.08	2.84
	2.08	**2.84**

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NOTE: 8 INVESTMENTS

₹ crore

Particulars	As at 31st March 2021		As at 31st March 2020	
A. Investments in Subsidiaries Equity Instruments (At Cost)				
Quoted Investments				
Aditya Birla Money Limited (Refer Note No. 48)	248.30		248.30	
Less: Diminution in investment of Aditya Birla Money Limited	41.59	**206.71**	41.59	**206.71**
Unquoted Investments				
Aditya Birla PE Advisors Private Limited		3.50		3.50
Aditya Birla Financial Shared Service Limited		0.05		0.05
Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited) (Refer Note Nos. 46 and 47)	9.27		9.27	
Less: Diminution in investment of Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	3.00	6.27	3.00	6.27
Aditya Birla Trustee Company Private Limited		0.05		0.05
Aditya Birla Insurance Brokers Limited		0.30		0.30
Aditya Birla Finance Limited (Refer Note No. 46)		5,612.65		5,612.65
Aditya Birla Money Mart Limited	93.20		93.20	
Less: Diminution in investment of Aditya Birla Money Mart Limited	0.06	93.14	0.06	93.14
Aditya Birla Housing Finance Limited		1,217.66		1,217.66
Aditya Birla Sun Life Insurance Company Limited		1,206.93		1,206.93
Aditya Birla Health Insurance Co. Limited		629.31		466.11
ABCAP Trustee Company Private Limited		0.05		0.03
Aditya Birla ARC Limited		100.00		100.00
Aditya Birla Stressed Asset AMC Private Limited		14.80		14.80
Equity Component for Investment in Preference Shares of Aditya Birla Money Mart Limited (Refer Note No. 50)	-		0.06	
Less: Impairment of Equity Component of Preference Shares of Aditya Birla Money Mart Limited	-	-	0.04	0.02
Total Subsidiary Equity Investments (A)		**9,091.42**		**8,928.22**
B. Investments in Joint Ventures Equity Instruments (At Cost)				
Aditya Birla Sun Life AMC Limited		33.71		33.71
Aditya Birla Sun Life Trustee Private Limited		0.02		0.02
Aditya Birla Wellness Private Limited		17.75		17.75
Total Joint Venture Equity Investments (B)		**51.48**		**51.48**
C. Investments in Preference Shares (At Amortised Cost)				
8% Cumulative Redeemable Preference Shares of Aditya Birla Finance Limited		-		0.66
8% Redeemable Non-Convertible Non-Cumulative Preference Shares of Aditya Birla Money Limited		54.63		50.74
0.1% Redeemable Non-Convertible Non-Cumulative Preference Shares of Aditya Birla Money Mart Limited (Refer Note No. 49)		40.10		-
0.01% Redeemable Non-Convertible Cumulative Preference Shares of Aditya Birla Money Mart Limited (Refer Note No. 50)	-		0.16	
Less: Diminution in Investment of Aditya Birla Money Mart Limited	-	-	0.14	0.02
Total Preference Investments (C)		**94.73**		**51.42**

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Particulars		As at 31st March 2021	As at 31st March 2020
D. Investments in Debentures (At Amortised Cost)			
Unquoted Investments			
0.1% Compulsory Convertible Debentures (CCD):			
Aditya Birla Money Mart Limited (Refer Note No. 49)		-	36.79
Aditya Birla Finance Limited (Refer Note No. 51)		-	33.93
	(D)	**-**	**70.72**
E. Investments in Preference Shares			
Unquoted Investments - (FVTPL)			
0.001% Compulsory Convertible Cumulative Preference Shares of Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited) (Refer Note Nos. 46 and 47)		14.98	14.98
0.01% Compulsory Convertible Preference Shares of Aditya Birla ARC Limited		5.00	5.00
	(E)	**19.98**	**19.98**
F. Investments in Mutual Funds			
Unquoted Investments - (FVTPL)			
Aditya Birla Sun Life Liquid Fund - Growth		296.93	406.07
Units - 8,954,517.018 (31st March 2020 Units 12,706,478.059)			
Aditya Birla Sun Life Liquid Fund - Growth		-	0.25
Units - NIL (31st March 2020 Units 7,780.421)			
	(F)	**296.93**	**406.32**
Total Investments	**(A)+(B)+(C)+(D)+(E)+(F)**	**9,554.54**	**9,528.14**
Total Investments at Cost		9,142.90	8,979.70
Total Investments at Amortised Cost		94.73	122.14
Total Investments at FVTPL		316.91	426.30

Note:

1. Aggregate Amount of Quoted Investments ₹ 206.71 Crore (31st March 2020 ₹ 206.71 Crore) Market Value of ₹ 170.56 Crore (31st March 2020 ₹ 81.02 Crore).
2. Aggregate Book Value of Unquoted Investments ₹ 9,347.85 Crore (31st March 2020 ₹ 9,321.43 Crore).
3. Aggregate Amount of Diminution in Value of Investments ₹ 44.65 Crore (31st March 2020 ₹ 44.83 Crore).
4. All above Investments are in India itself.

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

NOTE: 9 INVESTMENT PROPERTIES

₹ crore

Particulars	Amount
Gross Carrying Value	
As at 1st April 2019	**16.87**
Additions during the year	-
Deletions during the year	-
As at 31st March 2020	**16.87**
Additions during the year	-
Deletions during the year	-
As at 31st March 2021	**16.87**
Accumulated Depreciation	
As at 1st April 2019	**0.76**
Depreciation for the year	0.43
Deletions during the year	-
As at 31st March 2020	**1.19**
Depreciation for the year	0.44
Deletions during the year	-
As at 31st March 2021	**1.63**
Net Carrying Value as at 31st March 2021	**15.24**
Net Carrying Value as at 31st March 2020	**15.68**

NOTE: 10 PROPERTY, PLANT AND EQUIPMENT

₹ crore

Particulars	Furniture and Fixtures	Office Equipment	Vehicles	Total
Gross Carrying Value				
As at 1st April 2019	**6.49**	**1.82**	**4.18**	**12.49**
Additions during the year	-	0.10	0.60	0.70
Deletions during the year	-	0.02	0.68	0.70
As at 31st March 2020	**6.49**	**1.90**	**4.10**	**12.49**
Additions during the year	-	0.17	0.60	0.77
Deletions during the year	-	-	0.14	0.14
As at 31st March 2021	**6.49**	**2.07**	**4.56**	**13.12**
Accumulated Depreciation				
As at 1st April 2019	**1.54**	**0.92**	**1.77**	**4.23**
Depreciation for the year	1.23	0.46	1.10	2.79
Deletions during the year	-	0.01	0.52	0.53
As at 31st March 2020	**2.77**	**1.37**	**2.35**	**6.49**
Depreciation for the year	1.23	0.35	0.86	2.44
Deletions during the year	-	-	0.07	0.07
As at 31st March 2021	**4.00**	**1.72**	**3.14**	**8.86**
Net Carrying Value as at 31st March 2021	**2.49**	**0.35**	**1.42**	**4.26**
Net Carrying Value as at 31st March 2020	**3.72**	**0.53**	**1.75**	**6.00**

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NOTE: 11 INTANGIBLE ASSETS

₹ crore

Particulars	Exclusive Images	Computer Software	Total
Gross Block			
As at 1st April 2019	**4.94**	**2.50**	**7.44**
Additions during the year	-	0.15	0.15
Deletions during the year	-	-	-
As at 31st March 2020	**4.94**	**2.65**	**7.59**
Additions during the year	-	0.11	0.11
Deletions during the year	-	-	-
As at 31st March 2021	**4.94**	**2.76**	**7.70**
Accumulated Amortisation			
As at 1st April 2019	**1.94**	**1.72**	**3.66**
Amortisation for the year	1.65	0.42	2.07
Deletions during the year	-	-	-
As at 31st March 2020	**3.59**	**2.14**	**5.73**
Amortisation for the year	1.35	0.32	1.67
Deletions during the year	-	-	-
As at 31st March 2021	**4.94**	**2.46**	**7.40**
Net Carrying Value as at 31st March 2021	**-**	**0.30**	**0.30**
Net Carrying Value as at 31st March 2020	**1.35**	**0.51**	**1.86**

Note: The Company does not have any internally generated Intangible Assets.

NOTE: 12 OTHER NON-FINANCIAL ASSETS

(Unsecured, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Advance for Expenses	0.06	0.51
Prepaid Expenses	1.66	1.84
Gratuity Fund Receivables	13.24	9.15
	14.96	**11.50**

NOTE: 13 OTHER FINANCIAL LIABILITIES

(Carried at Amortised Cost, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Money Due for Refund for ESOP Exercise*	-	β
Lease Rental Deposits	0.25	0.25
Payables Related to Employees	19.62	18.19
	19.87	**18.44**

**Amount less than ₹ 50,000 shown as β.*

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

NOTE: 14 PROVISIONS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
For Employee Benefits		
Compensated Absence	2.01	2.11
Gratuity (Funded)	13.48	11.65
Long-term Incentive Plan	28.86	21.19
Others		
On Financial Guarantee	0.07	-
	44.42	**34.95**

NOTE: 15 DEFERRED TAX LIABILITIES (NET)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Deferred Tax Liabilities		
Equity Shares of Aditya Birla Finance Limited	98.82	98.81
Investment Properties	0.02	2.63
Gain on fair valuation of Investments in Units of Mutual Funds	1.11	0.67
Income from Preference Shares and Debentures held at Amortised Cost based on Effective Interest Rate	3.24	1.95
Gross Deferred Tax Liabilities	**103.19**	**104.06**
Deferred Tax Assets		
Ind AS 116 Impact (Net of Right-to-Use of Assets and Lease Liabilities)	0.04	-
Leave Encashment	0.51	0.53
Depreciation/Amortisation	1.69	1.14
Unabsorbed Depreciation/Brought forward Long-term Capital Loss and Others	4.62	0.95
Gross Deferred Tax Assets	**6.86**	**2.62**
Deferred Tax (Assets)/Liabilities (Net)	**96.33**	**101.44**

During the previous year, basis amendment in Section 10(34) of the Income-tax Act, w.e.f. AY 2021-22 that dividend income will be taxable in the hands of the Company and, therefore, it will have future taxable profits against which the unabsorbed depreciation would be set off. Accordingly, the Company has recognised Deferred Tax Assets on such unabsorbed depreciation and other items. However, no Deferred Tax Assets is recognised on brought forward business losses and long-term capital loss on conservative basis.

NOTE: 16 OTHER NON-FINANCIAL LIABILITIES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Statutory Dues	3.50	4.60
Employees' Deposits - OYCS Scheme	0.02	0.02
Unpaid Fractional Warrants FY 2017	0.26	0.26
	3.78	**4.88**

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

NOTE: 17 SHARE CAPITAL

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Authorised:		
4,000,000,000 (Previous Year 4,000,000,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
	4,000.00	**4,000.00**
Issued, Subscribed and Paid-up:		
Equity Share Capital		
2,415,277,978 (Previous Year 2,413,760,708) Equity Shares of ₹ 10/- each, fully paid-up	2,415.28	2,413.76
Share Capital	**2,415.28**	**2,413.76**

1) Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the year

Sr. No.	Description	As at 31st March 2021 Equity Shares	As at 31st March 2020 Equity Shares
1	Number of Shares Outstanding at the beginning of the year	2,413,760,708	2,201,404,363
2	Allotment of fully Paid-up Shares during the year	1,517,270	212,356,345
	a) Employee Stock Options Plan (Refer Note No. 33)	1,085,516	2,056,923
	b) ABCL ESOP 2017 (Refer Note No. 34)	431,754	299,422
	c) Preferential Allotment (Refer Note No. 44)	-	210,000,000
3	Number of Shares Outstanding at the end of the year (1+2)	2,415,277,978	2,413,760,708

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. The distribution will be in proportion to the number of the Equity Shares held by the shareholders.

3) Equity Shares in the Company held by each shareholder holding more than 5 per cent Shares and the number of Equity Shares held are as under:

Equity Shares

Sr. No.	Name of Shareholder	As at 31st March 2021		As at 31st March 2020	
		No. of Shares Held	% of Total Paid-up Equity Share Capital	No. of Shares Held	% of Total Paid-up Equity Share Capital
1	Grasim Industries Limited	1,309,240,000	54.21%	1,309,240,000	54.24%
2	Birla Group Holdings Private Limited	175,006,156	7.25%	175,006,156	7.25%

4) During the last five years, there were no Bonus Shares issued.

5) The Shares reserved for issue under Employee Stock Options Plan (ESOP) of the Company (Refer Note Nos. 33 and 34).

Notes

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NOTE: 18 OTHER EQUITY

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
1) Share Application Pending for Allotment		
Opening Balance	-	-
Additions:		
Application Money Received*	1.38	β
**Amount less than ₹ 50,000 shown as β.*	**1.38**	**β**
2) Special Reserve/Statutory Reserve (Refer Foot Note (a))		
Opening Balance	19.02	13.14
Additions:		
Transfer from Surplus in the Statement of Profit and Loss	14.66	5.88
	33.68	**19.02**
3) Capital Reserve	**801.35**	**801.35**
4) Security Premiums		
Opening Balance	6,059.51	4,144.29
Additions:		
Issue of Equity Shares (Refer Note No. 44)	-	1,890.00
Transferred from Share Options Outstanding on ESOPs Exercised	17.09	28.09
Deletions:		
Share Issue Expenses	-	2.87
	6,076.60	**6,059.51**
5) Share Options Outstanding Account		
Opening Balance	173.00	173.23
Addition:		
Employee Stock Options Amortisation for the Year (Refer Note No. 33)	18.31	33.02
Deductions:		
Transferred to Security Premiums on ESOPs Exercised	17.09	28.09
On Account of Lapse of Unvested Options	0.24	-
Transfer to General Reserve on Account of Lapse of Vested Options	1.96	5.16
	172.02	**173.00**
6) General Reserve		
Opening Balance	5.16	-
Additions:		
Transfer from Share Options Outstanding Account on Account of Lapse of Vested Options	1.96	5.16
	7.12	**5.16**
7) Surplus/(Deficit) in the Statement of Profit and Loss		
Opening Balance	(15.08)	(38.41)
Additions:		
Profit/(Loss) for the Year	73.03	29.85
Other Comprehensive Income/(Loss) for the Year arising from remeasurement of Gain/(Loss) on Defined Benefits Plans	0.25	(0.46)
Less: Appropriations:		
Transfer to Special Reserve	14.66	5.88
Transition Impact of Lease (Ind AS 116) (Refer Note No. 31)	-	0.18
	43.54	**(15.08)**
Total Other Equity	**7,135.69**	**7,042.96**

(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.

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NOTE: 19 INTEREST INCOME (HELD AT AMORTISED COST)

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest on Loans		
On Financial Assets	2.16	8.98
Interest Income from Investments		
On Financial Assets	10.31	10.12
	12.47	**19.10**

NOTE: 20 DIVIDEND INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
From Joint Ventures	71.40	166.51
From Subsidiaries	11.54	9.21
	82.94	**175.72**

NOTE: 21 NET (LOSS)/GAIN ON FAIR VALUE CHANGES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Net (Loss)/Gain on Financial Instruments at Fair Value Through Profit or Loss (FVTPL)		
Investments at FVTPL	12.48	5.00
	12.48	**5.00**
Fair Value Changes:		
Realised	8.06	2.59
Unrealised	4.42	2.41
	12.48	**5.00**

NOTE: 22 OTHER INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest Income		
On Income Tax Refund	0.09	0.66
On Financial Assets Held at Amortised Cost	0.16	0.25
On Fixed Deposits	0.01	-
Gain on Lease Assets - Rent-Free Period	0.15	-
Profit on Sale of Property, Plant and Equipment	0.01	0.03
Rent Income on Investment Properties	0.46	0.50
	0.88	**1.46**

NOTE: 23 FINANCE COSTS

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Debt Securities (Held at Amortised Cost)	-	76.99
Interest on Lease Liabilities	0.87	0.21
	0.87	**77.20**
Less: Recovery of Expenses	(0.73)	(0.18)
	0.14	**77.02**

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NOTE: 24 IMPAIRMENT ON FINANCIAL INSTRUMENTS

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
On Loans Held at Amortised Cost	0.34	(0.05)
	0.34	**(0.05)**

NOTE: 25 EMPLOYEE BENEFITS EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Salaries and Wages	74.01	72.01
Contribution to Provident and Other Funds (Refer Note No. 36 (b))	2.37	2.77
Contribution to Gratuity Fund (Refer Note No. 36)	1.18	1.03
Expense on Employee Stock Options Scheme (Refer Note No. 33)	8.18	13.66
Staff Welfare Expenses	0.30	0.48
	86.04	**89.95**
Less: Recovery of Expenses	(64.06)	(67.92)
	21.98	**22.03**

NOTE: 26 DEPRECIATION AND AMORTISATION EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Depreciation on Property, Plant and Equipment	2.45	2.79
Depreciation on Investment Properties	0.44	0.43
Amortisation on Intangible Assets	1.67	2.06
Amortisation on Lease Assets	3.82	3.15
	8.38	**8.43**
Less: Recovery of Expenses	(7.03)	(7.15)
	1.35	**1.28**

NOTE: 27 OTHER EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rent	0.35	0.69
Repairs and Maintenance	2.31	1.58
Insurance	1.01	1.12
Rates and Taxes	0.08	0.77
Advertisement and Sales Promotion Expenses	9.42	39.53
Legal and Professional Expenses	4.47	4.48
Auditors' Remuneration (Refer Note No. 32)	0.77	0.77
Directors' Sitting Fees	0.24	0.16
Travelling and Conveyance	0.02	1.86
Printing and Stationery	0.18	1.38
Communication Expenses	0.13	0.27
Electricity Charges	0.23	0.30
Listing Expenses	1.02	1.00
Postage Expenses	0.06	0.84
Miscellaneous Expenses	3.52	4.15
	23.81	**58.90**
Less: Recovery of Expenses	(11.14)	(14.72)
Total	**12.67**	**44.18**

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NOTE: 28 OTHER COMPREHENSIVE INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Items that will not be reclassified to Profit or Loss		
Remeasurement of Post-Employment Benefits Obligations	1.35	(1.80)
	1.35	**(1.80)**
Less: Recovery of Income	1.01	(1.34)
	0.34	**(0.46)**
Less: Income Tax relating to items that will not be reclassified to Profit or Loss		
Income Tax relating to Remeasurement of Post-Employment Benefits Obligations	(0.09)	-
	0.25	**(0.46)**

NOTE: 29 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARDS (IND AS) 33 EARNINGS PER SHARE

Particulars		Year Ended 31st March 2021	Year Ended 31st March 2020
Earnings Per Share (EPS) is calculated as under:			
Weighted-Average Number of Equity Shares for calculation of basic EPS	**(A)**	2,414,388,770	2,262,156,668
Add: Dilutive Impact of Employee Stock Options		3,187,132	4,605,445
Weighted-Average Number of Equity Shares for calculation of Diluted EPS	**(B)**	2,417,575,903	2,266,762,113
Nominal Value of Shares (₹)		10.00	10.00
Profit Attributable to Equity Holders	**(C)**	**73.03**	**29.85**
Basic EPS (₹)	**(C/A)**	0.30	0.13
Diluted EPS (₹)	**(C/B)**	0.30	0.13

NOTE: 30 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities

The Company has issued Corporate Guarantees to National Housing Bank on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 500 Crore against which the amount liable by ABHFL is ₹ 225.93 Crore as on 31st March 2021 (Previous Year ₹ 303.05 Crore). As per the terms of the Guarantee, on invocation, the Company's liability is capped at the outstanding amount.

b) Capital Commitments

i) The Company has ₹ 0.12 Crore as at 31st March 2021 (Previous Year ₹ NIL), as commitments towards Property, Plant and Equipment.

ii) Pursuant to the Shareholders' Agreement entered into with Sun Life Financial (India) Insurance Investments Inc. and its holding company Sun Life Assurance Company of Canada by Aditya Birla Capital Limited, in respect of Aditya Birla Sun Life Insurance Company Limited (ABSLI), the Company agreed to infuse share of capital in ABSLI from time to time to meet the solvency requirement prescribed by the regulatory authority.

Transfer of investments in Aditya Birla Sun Life Insurance Company Limited is restricted by the terms contained in Shareholders' Agreements entered into by the Aditya Birla Capital Limited.

NOTE: 31 LEASES

During the previous year, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use-asset at its carrying amount, as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

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The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, for all contracts as on 1st April 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted-average incremental borrowing rate applied to lease liabilities as at 1st April 2019, is 8.26%.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

Following are the changes in the carrying value of Right-of-Use Assets

₹ crore

Particulars	Category of ROU Asset - Leasehold Premises
Gross Carrying Value	
As at 1st April 2019	**3.45**
Additions during the year	1.26
Deletions during the year	-
As at 31st March 2020	**4.71**
Additions during the year	13.06
Deletions during the year	-
As at 31st March 2021	**17.77**
Accumulated Amortisation	
As at 1st April 2019	
Amortisation for the year	3.16
Deletions during the year	-
As at 31st March 2020	**3.16**
Amortisation for the year	3.82
Deletions during the year	-
As at 31st March 2021	**6.98**
Net Carrying Value as at 31st March 2021	**10.79**
Net Carrying Value as at 31st March 2020	**1.55**

Amounts recognised in Profit and Loss

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₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Amortisation Expenses on Right-of-Use Assets	3.82	3.15
Less: Recovery of Expenses	2.10	2.71
Total	**1.72**	**0.44**
Interest Expenses on Lease Liabilities	0.87	0.21
Less: Recovery of Expenses	0.73	0.18
Total	**0.14**	**0.03**
Grand Total	**1.86**	**0.47**

The following is the break-up of Current and Non-Current Lease Liabilities as at 31st March 2021

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Current Lease Liabilities	3.17	0.83
Non-Current Lease Liabilities	7.82	0.41
Total	**10.99**	**1.24**

The following is the movement in Lease Liabilities

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Opening Balance	1.24	3.63
Additions		
Lease Premises	12.44	0.87
Finance Cost Accrued during the year	0.87	0.21
Deletions		
Payment of Lease Liabilities	2.99	3.47
Lease Abatement for COVID-19	0.57	-
Closing Balance	**10.99**	**1.24**

The table below provides details regarding the Contractual Maturities of Lease Liabilities on an undiscounted basis:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Less than one year	3.28	0.86
One to five years	6.09	0.46
Total	**9.37**	**1.32**

** There are no non-cancellable operating leases.*

Future expected cash outflows to which the lessee is potentially exposed and are not reflected in the measurement of Lease Liabilities:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Lessee utilises its extension option	-	-
Amount of residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	7.92
Total	**-**	**7.92**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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NOTE: 32 PAYMENTS TO STATUTORY AUDITORS

During the year, the Company made the following payments to statutory auditors:

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Audit Fees	0.39	0.39
Limited Review	0.26	0.25
Tax Audit	0.05	0.03
Other Services	0.05	0.08
Reimbursement of Expenses	0.03	0.02
Total	**0.77**	**0.77**

The above disclosed figures are excluding Goods and Services Tax.

NOTE: 33 DISCLOSURE UNDER EMPLOYEE STOCK OPTIONS SCHEME

At the Annual General Meeting, held on 19th July 2017, the shareholders of the Company approved the grant of not more than 32,286,062 Equity Shares by way of grant of Stock Options ("ESOPs") and Restricted Stock Units ("RSUs"). Out of these, the Nomination, Remuneration and Compensation Committee has granted 24,062,864 ESOPs and 5,742,636 RSUs under the Scheme titled "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" in three categories of Long-term Incentive Plans ("LTIP") identified as LTIP 1, LTIP 2, and LTIP 3. The Scheme allows the Grant of Stock Options to employees of the Company (whether in India or abroad) that meet the eligibility criteria. Each option comprises one underlying Equity Share.

Features	LTIP 1	LTIP 2		LTIP 3
Instrument	RSU	ESOP	RSU	ESOP
Plan Period	2017-2019	2017-2021	2017-2019	2017-2022
Quantum of Grant	4,343,750	11,557,872	1,398,886	12,504,992
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	100% (2 years)	25% p.a. (4 years)	100% (2 years)	20% p.a. (5 years)
Vesting Condition(s)	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	11.08.2017	11.08.2017	11.08.2017	11.08.2017
Grant/Exercise Price (₹ Per Share)	10	115	10	115
Value of Equity Shares as on the Date of Grant of Original Option (₹ Per Share)	139	139	139	139

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Re-granted during the Financial Year 2020-21 to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Features	LTIP 2	LTIP 3
Instrument	ESOP	ESOP
Plan Period	2021-2022	2021-2022
Quantum of Grant	110,424	140,439
Method of Accounting	Fair Value	Fair Value
Vesting Period	One year from the Date of Grant	One year from the Date of Grant
Vesting Condition(s)	75% of the Profit Before Tax achievement against annual performance target	75% of the Profit Before Tax achievement against annual performance target
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	05.02.2021	05.02.2021
Grant/Exercise Price (₹ Per Share)	90.4	90.4

Granted during the Financial Year 2019-20 to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Features	LTIP 2	LTIP 2	LTIP 3	LTIP 3	LTIP 2	LTIP 3
Instrument	ESOP	ESOP	ESOP	RSU	ESOP	RSU
Plan Period	2019-2023	2019-2023	2019-2024	2019-2021	2020-2024	2020-2023
Quantum of Grant	560,376	307,020	441,704	7,686	798,768	523,810
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	25% p.a. (4 years)	25% p.a. (4 years)	20% p.a. (5 years)	100% (2 years)	25% p.a. (4 years)	100% (3 years)
Vesting Condition(s)	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	02.08.2019	18.10.2019	18.10.2019	18.10.2019	25.02.2020	25.02.2020
Grant/Exercise Price (₹ Per Share)	82.4	76.4	76.4	10	87.1	10

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Granted during the Financial Year 2018-19 to the eligible employees of the Company and its subsidiaries, the details of which are given hereunder:

Features	LTIP 3	LTIP 3
Instrument	ESOP	RSU
Plan Period	2018-2023	2018-2020
Quantum of Grant	1,623,834	300,000
Method of Accounting	Fair Value	Fair Value
Vesting Period	20% p.a. (5 years)	100% (2 years)
Vesting Condition(s)	75% of the Profit Before Tax achievement against annual performance target	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	09.04.2018	09.04.2018
Grant/Exercise Price (₹ Per Share)	115	10

Details of Activities in the Plan as on 31st March 2021

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	1,718,500	11,475,079	1,439,450	13,225,030
Granted/Re-Granted during the year	-	110,424	-	140,439
Exercised during the year	386,000	146,372	566,544	-
Lapsed during the year	76,400	724,890	-	140,439
Options/RSUs Outstanding at the end of the year	1,256,100	10,714,241	872,906	13,225,030
Options/RSUs Unvested at the end of the year	-	3,291,083	531,496	5,413,673
Options/RSUs Exercisable at the end of the year	1,256,100	7,423,158	341,410	7,811,357

Details of Activities in the Plan as on 31st March 2020

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	3,449,500	10,524,085	1,698,886	14,128,826
Granted during the year	-	1,666,164	531,496	441,704
Exercised during the year	1,450,042	-	615,431	-
Lapsed during the year	280,958	715,170	175,501	1,345,500
Options/RSUs Outstanding at the end of the year	1,718,500	11,475,079	1,439,450	13,225,030
Options/RSUs Unvested at the end of the year	-	6,587,801	831,496	8,042,534
Options/RSUs Exercisable at the end of the year	1,718,500	4,887,278	607,954	5,182,496

Fair Valuation

The fair value of the options used to compute proforma net profit and earnings per share has been done by an independent valuer on the date of grant using Black-Scholes Merton Formula. The Key Assumptions and the Fair Value are as:

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Risk-Free Interest Rate (%)	6.50%	6.2% to 6.8%	6.5% to 7.2%	6.5% to 7.6%
Option Life (Years)	4.5	3.5 to 6.5	4.5	3.5 to 7.5
Historical Volatility	38.50%	36.2% to 38.5%	35.4% to 38.5%	37.0% to 38.5%
Expected Volatility	-	46.5%	-	46.5%
Expected Dividend Yield (%)	0.00%	0.00%	0.00%	0.00%
Weighted-Average Fair Value per Option (₹)	131.6	70.4 to 90.4	131.6	73.1 to 90.4

Notes

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NOTE: 34 ABCL INCENTIVE PLAN 2017

The Scheme titled as "ABCL Incentive Scheme for Stock Options and Restricted Stock Units – 2017 (ABCL Incentive Scheme)" was approved by the shareholders through postal ballot on 10th April 2017. The Nomination, Remuneration and Compensation Committee of the Company at its meeting, held on 15th January 2018, granted 1,465,927 ESOPs and 252,310 Restricted Stock Units (RSUs) (collectively called as "Stock Options") to the eligible grantees pursuant to the Composite Scheme of Arrangement between erstwhile Aditya Birla Nuvo Limited (now merged with Grasim Industries Limited), Grasim Industries Limited and Aditya Birla Capital Limited (Refer Note No. 33). Out of the above, the Company has granted 195,040 ESOPs and 45,060 RSUs under this Scheme to a Director of the Company. The Stock Options allotted under the Scheme are convertible into equal number of Equity Shares.

The vesting conditions and the vesting dates under the ABCL Incentive Scheme shall follow the same vesting conditions, as applicable to the Grantees under the corresponding Grasim Employee Benefit Schemes 2006 and 2013.

Particulars	ABCL Incentive Scheme	
	Options	RSUs
Plan Period	As per Grasim Employee Benefit Schemes 2006 and 2013	
Quantum of Grant	1,465,927	252,310
Method of Accounting	Fair Value	Fair Value
Vesting Period	The Options and RSUs shall deemed to have been vested from the original date of grant under the Grasim ESOP Schemes 2006 and 2013, and shall be subject to a minimum vesting period of one year from the date of original grant and would vest not earlier than one year and not later than five years from the date of grant of Options and RSUs or such other period as may be determined by the Nomination, Remuneration and Compensation Committee.	
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target.	
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	15.01.2018	15.01.2018
Grant/Exercise Price (₹ Per Share)	10	10

Re-granted during the Financial Year 2020-21 to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Particulars	Options
Plan Period	2021-2022
Quantum of Grant	25,585
Method of Accounting	Fair Value
Vesting Period	One year from the Date of Grant
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target
Exercise Period	5 years from the Date of Vesting
Grant Date	05.03.2021
Grant/Exercise Price (₹ Per Share)	10

Details of Activities in the Plan

Particulars	ABCL Incentive Scheme			
	As at 31st March 2021		As at 31st March 2020	
	Options	RSUs	Options	RSUs
Options/RSUs Outstanding at the beginning of the year	761,865	169,057	1,034,389	195,955
Granted/Re-Granted during the year	25,585	-	-	-
Exercised during the year	376,144	55,610	272,524	26,898
Lapsed during the year	25,585	-	-	-
Options/RSUs Outstanding at the end of the year	385,721	113,447	761,865	169,057
Options/RSUs Unvested at the end of the year	25,585	-	25,585	-
Options/RSUs Exercisable at the end of the year	360,136	113,447	736,280	169,057

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NOTE: 35 RELATED PARTY DISCLOSURES

Names of related parties where control exists

Holding Company

Grasim Industries Limited

Subsidiaries

Aditya Birla PE Advisors Private Limited

Aditya Birla Capital Investments Private Limited

Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)

Aditya Birla Financial Shared Services Limited

Aditya Birla Trustee Company Private Limited

Aditya Birla Money Limited

Aditya Birla Money Mart Limited

Aditya Birla Insurance Brokers Limited

Aditya Birla Finance Limited

Aditya Birla Housing Finance Limited

Aditya Birla Health Insurance Co. Limited

ABCAP Trustee Company Private Limited

Aditya Birla Stressed Asset AMC Private Limited

Aditya Birla Money Insurance Advisory Services Limited (100% Subsidiary of Aditya Birla Money Mart Limited)

Aditya Birla Sun Life Insurance Company Limited

Aditya Birla Sun Life Pension Management Limited (100% Subsidiary of Birla Sun Life Insurance Company Limited)

Aditya Birla ARC Limited

Joint Ventures

Aditya Birla Sun Life AMC Limited

Aditya Birla Sun Life Trustee Private Limited

Aditya Birla Wellness Private Limited

Other Related Parties in which Directors are Interested

Aditya Birla Management Corporation Private Limited (w.e.f. 1st January 2019)

Fellow Subsidiaries

UltraTech Cement Limited

Post-Employment Benefits Plans

Grasim Industries Limited - Employee's Gratuity Fund

Notes

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Key Managerial Personnel

Mr. Kumar Mangalam Birla (Chairman and Non-Executive Director)

Dr. Santrupt Misra (Non-Executive Director)

Mr. Sushil Agarwal (Non-Executive Director)

Mr. Ramesh Sobti (Non-Executive Director) (w.e.f. 14th January 2021)

Mr. Arun Kumar Adhikari (Independent Director)

Mr. P. H. Ravikumar (Independent Director)

Mr. S. C. Bhargava (Independent Director)

Ms. Vijayalakshmi Rajaram Iyer (Independent Director)

Mr. Ajay Srinivasan (Chief Executive Officer)

Refer **Annexure 1** for the transactions with related parties.

NOTE: 36 RETIREMENT BENEFITS

Disclosure in respect of Employee Benefits pursuant to Ind AS 19

A) Defined Benefits Plans:

₹ crore

Particulars		As at 31st March 2021	As at 31st March 2020
i)	**Amounts recognised in the Balance Sheet in respect of Gratuity**		
	Present Value of the funded Defined Benefits Obligations at the end of the Year	13.48	11.65
	Fair Value of Plan Assets	**13.24**	**9.15**
	Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity		
	Current Service Cost	1.01	0.99
	Interest on Net Defined Benefits Liabilities/(Assets)	0.17	0.04
	Net Gratuity Cost	**1.18**	**1.03**
	Amount Recognised in Other Comprehensive Income (OCI) for the Year		
	Actual Returns on Plan Assets excluding Interest Income	(1.00)	0.19
	Actuarial Changes Arising from Changes in Demographic Assumptions	-	(0.92)
	Actuarial Changes Arising from Changes in Financial Assumptions	0.43	0.90
	Actuarial Changes Arising from Changes in Experience Assumptions	(0.78)	1.63
	Closing Amount Recognised in OCI outside Profit and Loss	**(1.35)**	**1.80**
ii)	**Reconciliation of Present Value of the Obligations and the Fair Value of the Plan Assets:**		
	Change in Net Liabilities/(Assets)		
	Opening Net Defined Benefits Liabilities/(Assets)	3.60	(0.07)
	Expenses Charged to Profit and Loss	1.18	1.03
	Amount Recognised Outside Profit and Loss - OCI	(1.35)	1.80
	Employer Contribution	2.09	0.84
	Closing Net Defined Benefits Liabilities/(Assets)	**5.52**	**3.60**
	Change in Present Value of the Obligations:		
	Opening Defined Benefits Obligations	11.64	8.71
	Current Service Cost	1.01	0.99
	Interest Cost	0.76	0.67
	Actuarial Changes Arising from Changes in Demographic Assumptions	-	(0.92)
	Actuarial Changes Arising from Changes in Financial Assumptions	0.43	0.90
	Actuarial Changes Arising from Changes in Experience Assumptions	(0.78)	1.63
	Benefits Paid	0.41	(0.34)
	Closing Defined Benefits Obligations	**13.47**	**11.64**

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Change in Fair Value of the Plan Assets:		
Opening Fair Value of the Plan Assets	9.15	8.22
Interest Income on Plan Assets	0.60	0.63
Actual Return on Plan Assets less Interest on Plan Assets	1.00	(0.19)
Contributions by the Employer	2.09	0.83
Benefits Paid	0.41	(0.34)
Closing Fair Value of the Plan Assets	**13.25**	**9.15**

iii) **Funding Arrangement and Policies**

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ 1.29 Crore (Previous Year ₹ 3.57 Crore).

Maturity Profile of Defined Benefits Obligations

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
1 year	1.59	0.55
2 to 5 years	7.32	7.72
6 to 10 years	6.30	4.73
More than 10 years	5.34	5.52

The weighted-average duration to the payment of there cash flows is 8 years (Previous Year 8 years).

iv) **Quantitative Sensitivity Analysis for Significant Assumptions is as below:**
Increase/Decrease in Present Value of Defined Benefits Obligations at the end of the year

₹ crore

Particulars	As at 31st March 2021		As at 31st March 2020	
	Amount	(%)	Amount	(%)
i) 50 Bps Increase in Discount Rate	13.11	-2.70%	11.30	-3.00%
ii) 50 Bps Decrease in Discount Rate	13.86	2.90%	12.01	3.10%
i) 50 Bps Increase in Rate of Salary Increase	13.86	2.80%	12.01	3.10%
ii) 50 Bps Decrease in Rate of Salary Increase	13.11	-2.70%	11.30	-3.00%
i) 50% Increase in Employee Turnover Rate	12.82	-4.80%	11.06	-5.00%
ii) 50% Decrease in Employee Turnover Rate	14.30	6.10%	12.39	6.40%
i) 50% Increase in Employee Mortality Rate	13.48	0.10%	11.66	0.10%
ii) 50% Decrease in Employee Mortality Rate	13.47	-0.10%	11.64	-0.10%

v) **Sensitivity Analysis Method**

These sensitivities have been calculated to show the movement in defined benefits obligations in isolation, and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Disaggregation of Plan Assets

Particulars	As at 31st March 2021	As at 31st March 2020
	Non-Quoted Value	Non-Quoted Value
Government Debt Instruments	12.25%	5.04%
Corporate Bonds	0.96%	0.28%
Insurer Managed Funds	40.21%	39.63%
Others	46.58%	55.05%
Grand Total	**100.00%**	**100.00%**

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There are no amounts included in the Fair Value of Plan Assets for:

i) The Company's own financial instrument

ii) Property occupied by or other assets used by the Company

vi) Principal Actuarial Assumptions at the Balance Sheet Date

Particulars	As at 31st March 2021	As at 31st March 2020
Discount Rate	6.45%	6.55%
Salary Escalation		
Salary Escalation - Staff	7.50%	7.00%
Mortality Rate during Employment	100.00%	100.00%
Rate of Employee Turnover		
Age - Upto 30 Years	5.00%	5.00%
Age - 31 to 40 Years	5.00%	5.00%
Age - 40 and above	5.00%	5.00%
Disability:- Leaving service due to disability is included in the provision made for all causes of leaving service (as above).		

The estimates of future salary increase, considered in actuarial valuation, takes in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

B) Defined Contribution Plans:

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Contribution to Employee Provident Fund and Pension	1.67	1.72
Contribution to Superannuation Fund	0.70	1.05
Total	**2.37**	**2.77**

NOTE: 37 FAIR VALUES

The Management assessed that Fair Values of Financial Assets and Liabilities are approximately their carrying values.

NOTE: 38 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Principles for Estimating Fair Value

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method at 31st March 2021. The different levels have been defined as follows:

Level 1: Category includes financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market.

Level 2: Category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Company's own valuation models whereby the material assumptions are market observable. The majority of the Company's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3: Category includes financial assets and liabilities measured using valuation techniques based on non-market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument

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nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

As at 31st March 2021

₹ crore

Particulars	Total	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss				
Investments in Mutual Funds	296.93	-	296.93	-
Investments in Preference Shares	19.98	-	19.98	-
Total Financial Assets	**316.91**	**-**	**316.91**	**-**

As at 31st March 2020

₹ crore

Particulars	Total	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss				
Investments in Mutual Funds	406.32	-	406.32	-
Investments in Preference Shares	19.98	-	19.98	-
Total Financial Assets	**426.30**	**-**	**426.30**	**-**

The carrying amount of trade receivables, trade payables, other financial liabilities, loans, other financial assets, cash and cash equivalents as at 31st March 2021 and 31st March 2020, are considered to the same as fair values, due to their short-term nature. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counter party credit risk.

During the reporting period ending 31st March 2021, there were no transfers between Level 1 and Leval 2 fair value measurements.

Assumptions to above:

* The Fair Valuation of Preference Shares is based on independent valuers report.

* The Fair Valuation of Unquoted Mutual Funds Units is done based on NAV of units.

NOTE: 39 FINANCIAL RISK MANAGEMENT

The Company, being a Core Investment Company as per the Core Investment Companies (RBI) Directions 2016, is required to invest or lend majority of its funds to its Subsidiaries and Joint Ventures. The Company's principal financial liabilities comprise borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include inter-corporate deposits, loans, cash and cash equivalents, and other receivables.

The Company is exposed to certain financial risks, such as market risk, credit risk, liquidity risk and equity investment risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures, and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The major risks are summarised below:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily impacts financial instruments measured at fair value through profit or loss. These are primarily unquoted Compulsorily Convertible Preference Shares of subsidiaries, and investments in mutual funds and other alternate funds where investments are not significant in relation to the size of its total investments. The fair value investments of these investments are regularly monitored.

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Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rate as it has debt obligations with fixed interest rates, which are measured at amortised cost.

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities towards inter-corporate deposits to subsidiaries where no significant impact on credit risk has been identified.

Equity Investment Risk

The Company's investments in listed and non-listed equity securities are accounted at cost in the financial statements net of impairment. The expected cash flows from these entities are regularly monitored internally and also independently, wherever necessary, to identify impairment indicators.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by the senior management.

The Company manages its liquidity requirement by analysing the maturity pattern of the Company's cash flows of financial assets and financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through issuance of equity shares, commercial papers, etc. The Company invests its surplus funds in debt schemes of mutual funds, which carry low mark-to-market risks. Also Refer Note No. 40 for maturity analysis of assets and liabilities.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

₹ crore

As at 31st March 2021	Less than 3 Months	3 Months to 12 Months	12 Months to 36 Months	36 Months to 60 Months	More than 60 Months
Financial Liabilities					
Trade Payables	8.74	-	-	-	-
Lease Liabilities	0.89	2.39	6.09	3.20	-
Other Financial Liabilities	0.01	19.61	0.25	-	-
Total	**9.64**	**22.00**	**6.34**	**3.20**	**-**

₹ crore

As at 31st March 2020	Less than 3 Months	3 Months to 12 Months	12 Months to 36 Months	36 Months to 60 Months	More than 60 Months
Financial Liabilities					
Trade Payables	8.74	-	-	-	-
Lease Liabilities	0.14	0.72	0.46	-	-
Other Financial Liabilities	-	18.19	0.25	-	-
Total	**8.88**	**18.91**	**0.71**	**-**	**-**

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NOTE: 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debts reflect the contractual coupon amortisations.

₹ crore

Particulars	As at 31st March 2021			As at 31st March 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial Assets						
(a) Cash and Cash Equivalents	2.07	-	2.07	6.21	-	6.21
(b) Bank Balances other than (a) above	-	0.26	0.26	-	0.26	0.26
(c) Receivables - Others	9.36	-	9.36	14.83	-	14.83
(d) Loans	104.08	-	104.08	20.07	-	20.07
(e) Other Financial Assets	0.94	1.14	2.08	-	2.84	2.84
(f) Investments	305.66	9,248.88	9,554.54	406.73	9,121.41	9,528.14
Non-Financial Assets						
(a) Current Tax Assets (Net)	-	17.04	17.04	-	17.30	17.30
(b) Investment Properties	-	15.24	15.24	-	15.68	15.68
(c) Property, Plant and Equipment	-	4.26	4.26	-	6.00	6.00
(d) Capital Work-in-Progress	-	0.12	0.12	-	0.12	0.12
(e) Intangible Assets Under Development	-	-	-	-	0.05	0.05
(f) Right-of-Use Assets	-	10.79	10.79	-	1.55	1.55
(g) Other Intangible Assets	-	0.30	0.30	-	1.86	1.86
(h) Other Non-Financial Assets	14.22	0.74	14.96	10.60	0.90	11.50
Total Assets	**436.33**	**9,298.77**	**9,735.10**	**458.44**	**9,167.97**	**9,626.41**
Financial Liabilities						
(a) Trade Payables	8.74	-	8.74	8.74	-	8.74
(b) Lease Liabilities	3.17	7.82	10.99	0.83	0.41	1.24
(c) Other Financial Liabilities	19.62	0.25	19.87	18.19	0.25	18.44
Non-Financial Liabilities						
(a) Provisions	44.35	0.07	44.42	13.76	21.19	34.95
(b) Deferred Tax Liabilities (Net)	-	96.33	96.33	-	101.44	101.44
(c) Other Non-Financial Liabilities	3.52	0.26	3.78	4.88	-	4.88
Equity						
(a) Equity Share Capital	-	2,415.28	2,415.28	-	2,413.76	2,413.76
(b) Other Equity	-	7,135.69	7,135.69	-	7,042.96	7,042.96
Total Liabilities and Equity	**79.40**	**9,655.70**	**9,735.10**	**46.40**	**9,580.01**	**9,626.41**

NOTE: 41 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Background of Expected Credit Loss

Expected credit loss is a calculation of the present value of the amount expected to be lost on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk, at both individual and portfolio level.

The key components of Credit Risk Assessment are:

1. Probability of Default (PD): represents the likelihood of default over a defined time horizon.
2. Exposure at Default (EAD): represents how much the obligor is likely to be borrowing at the time of default.
3. Loss Given Default (LGD): represents the proportion of EAD that is likely to be lost post-default.

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The definition of default is taken as 90 days past due for all retail and corporate loans.

Delinquency buckets have been considered as the basis for the staging of all loans in the following manner:

- 0-30 days past due loans classified as Stage 1;
- More than 30 - 90 days past due loans classified as Stage 2; and
- Above 90 days past due loans classified as Stage 3.

EAD is the total amount outstanding including accrued interest as on the reporting date.

The ECL is computed as a product of PD, LGD and EAD.

Non-Individual Loans

1.1 Credit Quality of Assets

The non-individual/corporate book is assessed at the loan type level and the provisioning is done at an account level. In certain cases, the assessment is done at an account level based on past experience for future cash flows from the project.

The 12-month PD has been applied on Stage 1 loans. The PD term structure, i.e., Lifetime PD has been applied on Stage 2 loans according to the repayment schedule for Stage 2 loans, and PD is considered to be 1 for Stage 3 loans.

₹ crore

Particulars	As at 31st March 2021				As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal Rating Grade								
Corporate Loans	104.08	-	-	104.08	20.07	-	-	20.07

1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending is as follows:

₹ crore

Particulars	As at 31st March 2021				As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying Amount Opening Balance	20.07	-	-	20.07	118.18	-	-	118.18
New Assets Originated or Purchased	142.98	-	-	142.98	182.77	-	-	182.77
Assets Derecognised or Repaid (excluding Write Offs)	(58.97)	-	-	(58.97)	(280.88)	-	-	(280.88)
Gross Carrying Amount Closing Balance	**104.08**	**-**	**-**	**104.08**	**20.07**	**-**	**-**	**20.07**

Reconciliation of ECL Balance is given below:

₹ crore

Particulars	As at 31st March 2021				As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL Allowance - Opening Balance	(0.08)	-	-	(0.08)	(7.40)	-	-	(7.40)
ECL Allowance Recognised during the year	(0.34)	-	-	(0.34)	7.32	-	-	7.32
ECL Allowance - Closing Balance	**(0.42)**	**-**	**-**	**(0.42)**	**(0.08)**	**-**	**-**	**(0.08)**

The above does not include provision on financial guarantee ₹ 0.07 Crore.

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The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages, as a result of increases in credit risk.

A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109, as per circular issued by Rerserve Bank of India (RBI/2019-20/170, DOR (NBFC).CC.PD. No.109/22.10.106/2019-20, dated 13th March 2020):

As at 31st March 2021

Assets Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Clarrying Amount as per Ind AS	Loss Allowance (Provision) as Required under Ind AS 109	Net Carrying Value	Provisions Required as IRACP Norms	Difference between Ind AS 109 Provisions and IRACP Norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	104.50	0.42	104.08	0.42	-
	Stage 2	-	-	-	-	-
Sub-Total		**104.50**	**0.42**	**104.08**	**0.42**	**-**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful						
Loss	Stage 3					
Sub-Total for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc., which are in the scope of Ind AS 109, but not covered under Current Income Recognition, Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	0.07	-	-	0.07
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	104.50	0.49	104.08	0.42	0.07
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-

As at 31st March 2020

Assets Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Clarrying Amount as per Ind AS	Loss Allowance (Provision) as Required under Ind AS 109	Net Carrying Value	Provisions Required as IRACP Norms	Difference between Ind AS 109 Provisions and IRACP Norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	20.15	0.08	20.07	0.08	-
	Stage 2	-	-	-	-	-
Sub-Total		**20.15**	**0.08**	**20.07**	**0.08**	-
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - Upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-

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Assets Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Clarrying Amount as per Ind AS	Loss Allowance (Provision) as Required under Ind AS 109	Net Carrying Value	Provisions Required as IRACP Norms	Difference between Ind AS 109 Provisions and IRACP Norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Subtotal for Doubtful						
Loss	Stage 3					
Sub-Total for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc., which are in the scope of Ind AS 109, but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	20.15	0.08	20.07	0.08	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-

NOTE: 42 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

Based on the information received by the Company from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any suppliers covered under this Act as at the Balance Sheet Date and, hence, disclosures relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given. Auditors have relied on this.

NOTE: 43 The Company has approved the grant of 24,062,864 Employee Stock Options (ESOPs) and 5,742,636 Restricted Stock Units (RSUs) in accordance with the Employee Stock Options Scheme, 2017, to its employees and employees of subsidiary companies.

Further, in continuation to the existing Scheme, the Company additionally grant NIL (Previous Year 2,107,868) RSUs and ESOPs NIL (Previous Year 531,496) to the employees of subsidiary companies.

Further, pursuant to ABCL Incentive Scheme and ABCL ESOP 2017, the Company has approved Re-grant of 25,585 Stock options (ESOPs) and 250,863 Stock options (ESOPs), respectively.

During the year, under Aditya Birla Capital Limited Stock Appreciation Rights Scheme 2019, the Company has approved grant of 4,356 RSU Stock Appreciation Rights (SARs) and 83,592 Options SARs to the employees of the Company and its subsidiaries.

NOTE: 44 The Company, during the current year, has allotted 1,517,270 (Previous Year 2,356,345) Equity Shares of ₹ 10 each, fully paid-up, on exercise of options by eligible grantees, in accordance with the Employee Stock Options Schemes approved by the Company.

During the previous year, the Company has issued and allotted 210,000,000 Equity Shares of ₹ 10 each at a premium of ₹ 90 per Share on preferential basis, which were subscribed by Jomei Investments Limited, promoter Grasim Industries Limited, members of the promoter group and PI Opportunities Fund-I.

NOTE: 45 With effect from 11th October 2017, 64,422,405 Global Depositary Shares (GDSs) representing 64,422,405 Equity Shares of ₹ 10 each have been admitted for trading on the Luxembourg Stock Exchange.

As on 31st March 2021, 50,536,762 (GDS) representing 50,536,762 Equity Shares are outstanding (Previous Year 50,557,062).

NOTE: 46 SCHEME OF ARRANGEMENT BETWEEN SUBSIDIARY COMPANIES

During the previous year, the Hon'ble National Company Law Tribunal (NCLT) has approved the Scheme, vide order dated 13th December 2019, and upon filing of the Scheme with Registrar of Companies, whereby the transaction business of Aditya Birla Technology Services Limited (Formerly known as Aditya Birla MyUniverse

Notes

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Limited ("ABMU")), a subsidiary of the Company, was demerged and transferred to Aditya Birla Finance Limited (ABFL), also a subsidiary of the Company. The Scheme of Arrangement was made effective on 1st January 2020.

In consideration of the demerger,

a) The Company has received 5,855,625 Equity Shares of ₹ 10 each of ABFL as per the share entitlement ratio determined based on an independent valuation report at 24 Equity Shares of ₹ 10 each in ABFL for every 215 Equity Shares of ₹ 10 each held in ABMU and 43 Equity Shares of ₹ 10 each in ABFL for every 105 (0.001% Compulsorily Convertible Preference Shares) of ₹ 10 each held in ABMU.

b) Further, out of the Inter-Corporate Deposits (ICD) receivable as on 1st January 2020, of ₹ 100.51 Crore from ABMU, ₹ 87.54 Crore has been transferred to ABFL (in proportion to the value of assets transferred by ABMU to ABFL) and balance ₹ 12.97 Crore is shown as receivable from ABMU.

The carrying value of the investments in ABMU ₹ 149.02 Crore (net of impairment of ₹ 21.01 Crore) is considered to be at fair value of asset given up for Equity Shares received from ABFL.

NOTE: 47 The Company has made an assessment of its value of investments in Equity Shares and 0.001% Compulsory Convertible Cumulative Preference Shares ("CCPS") of Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited) ("ABCTSL") of ₹ 6.27 Crore (net of impairment of ₹ 3.00 Crore) (Previous Year ₹ 6.27 Crore (net of impairment of ₹ 3.00 Crore)) and ₹ 14.98 Crore (Previous Year ₹ 14.98 Crore), respectively. Based on such assessments, the Board approved business plan and independent valuation report, no additional impairment loss needs to provide.

NOTE: 48 During the year, the Company has made an assessment of its value of investments in Aditya Birla Money Limited. Based on such assessments, the Board approved business plan and independent valuation report, no additional impairment loss needs to provide.

During the previous year, the Company has made a provision as impairment loss of ₹ 29.17 Crore. An amount of ₹ 41.59 Crore (Previous Year ₹ 41.59 Crore) as on 31st March 2021.

NOTE: 49 During the year, basis the agreed terms, the Company's investment in 0.1% Compulsory Convertible Debentures ("CCD") of Aditya Birla Money Mart Limited ("ABMML") got converted into 0.1% Redeemable Non-Convertible Non-Cumulative Preference Shares ("RNCNCPS"), i.e., each CCD converted into 1 (one) RNCNCPS of ₹ 100 each at a premium of ₹ 54 per RNCNCPS. The value post-conversion of RNCNCPS is ₹ 40.10 Crore (Previous Year (CCD) ₹ 36.79 Crore).

NOTE: 50 During the year, the Company received ₹ 0.15 Crore for redemption of 0.01% Redeemable Non-Convertible Cumulative Preference Shares ("RNCCPS") of Aditya Birla Money Mart Limited as per agreed terms, 100,000 RNCCPS at ₹ 15 per Share (Face Value ₹ 10/- per Share and ₹ 5 premium per Share).

NOTE: 51 During the year, the 0.1% Compulsory Convertible Debentures ("CCD") of Aditya Birla Finance Limited ("ABFL") got converted into Equal No. of 0.1% Non-Convertible Debenture ("NCD") and redeemed on 20th March 2021, accordingly, the Company received an amount of ₹ 36.95 Crore as redemption proceed.

NOTE: 52 The Company has Long-Term Incentive Plan for selective employees. Long-Term Incentive Plan includes future encashment or availment, at the option of the employee, subject to the rules framed by the Company, which are expected to be availed or encashed beyond 12 months from the end of the year, and long-term incentive payable to employees on fulfilment of criteria prescribed by the Company. On the basis of the scheme, the Company has made provision of ₹ 18 Crore (Previous Year ₹ 16 Crore).

NOTE: 53 The Company has short-term rating, viz., "(ICRA) A1+" and "(CRISIL) A1+" and "AAA" long-term rating from ICRA (which is the highest long-term rating) and, therefore, high acceptability in the market. During the year, the Company has not borrowed any funds.

NOTE: 54 INVESTMENT PROPERTIES FAIR VALUE

The Company has carried out the valuation activity through the Independent Valuer to assess fair value of its Investment Properties. As per the report provided by Independent Valuer the fair value is ₹ 16.65 Crore as on 31st March 2021 (Previous Year valuation was not carried out due to COVID-19 and lockdown situation).

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The fair value of Investment Properties has been derived using the Direct Comparison Method based on recent market prices without any significant adjustments being made observable data. Accordingly, fair value estimates for Investment Properties is classified as Level 3.

The Company has no restrictions on the realisability of its Investment Properties, and has no contractual obligations to purchase, construct or develop Investment Properties.

Information regarding Income and Expenditure of Investment Properties

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rental Income Derived from Investment Properties	0.46	0.50
Less: Direct Operating Expenses (including Repairs and Maintenance) associated with Rental Income	0.06	0.06
Profit Arising from Investment Properties before Depreciation and Indirect Expenses	0.40	0.44
Less: Depreciation for the Year	0.44	0.43
Profit Arising from Investment Properties before Indirect Expenses	**(0.04)**	**0.01**

NOTE: 55 The Company has reviewed all litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements and appropriate disclosure for contingent liabilities is given, Refer Note No. 30.

NOTE: 56 INCOME TAX DISCLOSURE

The Major Components of Income Tax Expenses for the years ended 31st March 2021 and 31st March 2020 are:

1. Income Tax Recognised in Profit or Loss

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Current Income Tax:		
In respect of the Current Year	4.38	-
Deferred Tax:		
In respect of the Current Year	(5.12)	(2.20)
Income Tax Expenses Reported in the Statement of Profit and Loss	**(0.74)**	**(2.20)**

2. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate as follows:

₹ crore

Particulars		Year Ended 31st March 2021	Year Ended 31st March 2020
Accounting Profit Before Income Tax		72.29	27.65
Income Tax Expenses calculated at 25.17% (31st March 2020: 29.12%)	**(A)**	**18.20**	**8.05**
Reconciliation Items			
Effect of expenses that are not deductible in determining taxable profit		-	(29.44)
Effect of employee related expenses that are deductible on payment basis		9.18	-
Utilisation of unabsorbed depreciation and brought forward long-term capital loss		3.52	-
Effect of income/expenses which are exempted/disallowed		0.26	-
Income chargeable to different rates		1.70	(0.10)
Effect of incomes which are exempt from tax			51.28
Other items		4.28	(11.49)
Total	**(B)**	**18.94**	**(10.25)**
Income Tax Expenses Recognised in the Statement of Profit and Loss	**(A) - (B)**	**(0.74)**	**(2.20)**

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

NOTE: 57 The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses need to be provided as required under any law/accounting standards.

NOTE: 58 DISCLOSURE AS REQUIRED UNDER ANNEXURE II AND ANNEXURE V OF MASTER DIRECTION-CORE INVESTMENT COMPANIES (RESERVE BANK), DIRECTION, 2016

Annexure II - Schedule to the Balance Sheet of a non-deposit taking Core Investment Company - (Refer Annexure 2).

Annexure V

a) Group entities that are not consolidated in the CFS - All the entities required by Ind AS are consolidated in ABCL Consolidated Financials as on 31st March 2021 and 31st March 2020
b) Investment in other CICs - Nil as on 31st March 2021
c) Provisions as per CIC guidelines and others - (Refer Annexure 3)
d) Components of Adjusted Net Worth ("ANW") and other related information - (Refer Annexure 4)
e) Off Balance Sheet Exposure - (Refer Annexure 5)
f) Investments - (Refer Annexure 6)
g) Business Ratios - (Refer Annexure 7)
h) Public Disclosure on Liquidity Risk - (Refer Annexure 8)
i) Maturity Pattern of Assets and Liabilities - (Refer Annexure 9)
j) Concentration of NPAs - (Refer Annexure 10)
k) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) - (Refer Annexure 11)
l) Exposure to Real Estate Sector, both direct and indirect - (Refer Annexure 12)
m) Miscellaneous Disclosures - (Refer Annexure 13)

NOTE: 59 The Company has executed the Corporate Guarantee to National Housing Bank on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 2,000 Crore, dated 9th April 2021, which is an addition to earlier Corporate Guarantee issued of ₹ 500 Crore (Refer Note No 30 (a)).

NOTE: 60 The Letter of Comfort and awareness issued for availing credit facilities by subsidiaries of ₹ 310 Crore and ₹ 200 Crore, respectively, with an explicit clause that it is not in nature of financial guarantee.

NOTE: 61 ESTIMATION UNCERTAINTY RELATING TO THE GLOBAL HEALTH PANDEMIC ON COVID-19

The Management has assessed the potential impact of the COVID-19 on the financial statements of the Company. In assessing the carrying value of its assets, the Company has considered internal and certain external information up to the date of approval of these financial statements including economic forecasts. The Company expects to recover the carrying amount of these assets. The Company will keep monitoring any future material changes due to the global health pandemic in estimates as at the date of approval of these financial statements.

NOTE: 62 SEGMENT REPORTING

The main business of the Company is Investment Activities, hence, there are no separate reportable segments as per Ind AS 108 on 'Operating Segment'.

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Annexure 1 - Statement of Related Party Transactions and Balances

The following inter-company transactions/balances with related parties have taken place during the year, and are included in the below table under respective heads:

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Brief Description - Company-wise and Item-wise		
1	**Issue of Equity Shares**		
	Grasim Industries Limited	-	770.00
2	**Investment Equity Shares**		
	Aditya Birla Housing Finance Limited	-	100.00
	Aditya Birla Health Insurance Co. Limited	163.20	181.56
	Aditya Birla Stressed Asset AMC Private Limited	-	14.55
	ABCAP Trustee Company Private Limited	0.02	-
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	3.17
	Aditya Birla Money Mart Limited	-	93.10
	Investment Preference Shares		
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	60.00
	Aditya Birla ARC Limited	-	5.00
	Redemption of NCDs		
	Aditya Birla Finance Limited	36.95	-
	Redemption of Preference Shares		
	Aditya Birla Money Mart Limited	0.15	-
	Loans Given/(Repaid)	**84.35**	**(95.16)**
	Aditya Birla Capital Technology Services Limited	12.48	19.05
		(15.07)	(87.54)
	Aditya Birla Housing Finance Limited	5.00	162.42
		(7.56)	(181.86)
	Aditya Birla Money Mart Limited	85.00	1.30
		-	(5.29)
	Aditya Birla Stressed Asset AMC Private Limited	4.50	-
		-	-
	Aditya Birla Money Insurance Advisory Services Limited	-	-
		-	(3.24)
	Aditya Birla ARC Limited	36.00	-
		(36.00)	-
3	**Dividend Income**		
	From Subsidiaries		
	Aditya Birla Insurance Brokers Limited	11.54	7.42
	From Joint Ventures		
	Aditya Birla Sun Life AMC Limited	71.40	168.30
	Rent Income		
	Aditya Birla Sun Life AMC Limited	0.29	0.50
	Aditya Birla Sun Life Insurance Company Limited	0.17	-

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Interest Income from Investments	**10.31**	**10.12**
	Interest Income on Debentures		
	Aditya Birla Money Mart Limited	3.34	3.06
	Aditya Birla Finance Limited	3.04	2.83
	Interest Income on Preference Shares		
	Aditya Birla Finance Limited	-	0.66
	Aditya Birla Money Limited	3.91	3.55
	Aditya Birla Money Mart Limited	0.02	0.02
	Interest Income on Loans	**2.16**	**8.98**
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	1.21	6.47
	Aditya Birla Housing Finance Limited	0.54	1.47
	Aditya Birla Money Mart Limited	0.15	0.39
	Aditya Birla Money Insurance Advisory Services Limited	-	0.08
	Aditya Birla Finance Limited	-	0.57
	Aditya Birla Stressed Asset AMC Private Limited	0.01	-
	Aditya Birla ARC Limited	0.25	-
	Payments Made to Provident Fund Trust and Gratuity Trust	**2.49**	**0.50**
	Grasim Industries Limited - Employee's Gratuity Fund	2.49	0.50
4	**Expenses Reimbursement**		
	ESOP Expenses (Transfer and Exit)	**4.32**	**14.38**
	Aditya Birla Insurance Brokers Limited	0.07	0.11
	Aditya Birla PE Advisors Private Limited	0.17	2.53
	Aditya Birla Finance Limited	2.08	0.62
	Aditya Birla Sun Life Insurance Company Limited	0.87	9.44
	Aditya Birla Sun Life AMC Limited	1.05	0.75
	Aditya Birla Financial Shared Services Limited	-	0.01
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	0.05
	Aditya Birla Money Limited	-	0.58
	Aditya Birla Money Insurance Advisory Services Limited	-	-
	Aditya Birla Wellness Private Limited	-	0.01
	Aditya Birla Health Insurance Co. Limited	0.08	0.14
	Aditya Birla Housing Finance Limited	-	0.14
	Salary Expenses	**0.56**	**0.92**
	Aditya Birla Sun Life Insurance Company Limited	0.56	0.92
	Employee Transfer (In)/Out	**(0.56)**	**0.11**
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.06	-
	Aditya Birla Health Insurance Co. Limited	-	0.11
	Grasim Industries Limited	0.16	-
	UltraTech Cement Limited	(0.47)	-
	Aditya Birla Management Corporation Private Limited	-	(0.05)
	Aditya Birla Sun Life Insurance Company Limited	(0.31)	0.11
	Aditya Birla Idea Payments Bank Limited	-	(0.06)

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Other Expenses	**10.08**	**8.88**
	Aditya Birla Financial Shared Services Limited	9.15	8.62
	Aditya Birla Sun Life AMC Limited	β	β
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.72	-
	Aditya Birla Housing Finance Limited	0.04	-
	Aditya Birla Money Limited	-	β
	Grasim Industries Limited	0.17	0.26
5	**Expenses Recovered**		
	Salary and Wages	**64.06**	**68.08**
	Aditya Birla Insurance Brokers Limited	1.75	2.25
	Aditya Birla PE Advisors Private Limited	-	0.15
	Aditya Birla Finance Limited	22.92	24.25
	Aditya Birla Sun Life Insurance Company Limited	21.50	22.16
	Aditya Birla Sun Life AMC Limited	16.03	17.02
	Aditya Birla Housing Finance Limited	1.86	2.25
	Other Comprehensive Income	**(1.01)**	**1.34**
	Aditya Birla Insurance Brokers Limited	(0.03)	0.05
	Aditya Birla Finance Limited	(0.36)	0.31
	Aditya Birla Sun Life Insurance Company Limited	(0.34)	0.53
	Aditya Birla Sun Life AMC Limited	(0.25)	0.40
	Aditya Birla Housing Finance Limited	(0.03)	0.05
	Finance Costs	**0.73**	**0.18**
	Aditya Birla Insurance Brokers Limited	0.02	0.01
	Aditya Birla Finance Limited	0.27	0.06
	Aditya Birla Sun Life Insurance Company Limited	0.24	0.05
	Aditya Birla Sun Life AMC Limited	0.18	0.05
	Aditya Birla Housing Finance Limited	0.02	0.01
	Other Expenses	**11.14**	**14.72**
	Aditya Birla Insurance Brokers Limited	0.31	0.48
	Aditya Birla PE Advisors Private Limited	-	0.02
	Aditya Birla Finance Limited	3.98	5.29
	Aditya Birla Sun Life Insurance Company Limited	3.74	4.78
	Aditya Birla Sun Life AMC Limited	2.79	3.67
	Aditya Birla Housing Finance Limited	0.32	0.48
	Depreciation	**7.03**	**7.15**
	Aditya Birla Insurance Brokers Limited	0.19	0.24
	Aditya Birla PE Advisors Private Limited	-	0.01
	Aditya Birla Finance Limited	2.52	2.57
	Aditya Birla Sun Life Insurance Company Limited	2.36	2.32
	Aditya Birla Sun Life AMC Limited	1.76	1.78
	Aditya Birla Housing Finance Limited	0.20	0.23
	Statutory Dues	**2.79**	**8.26**
	Aditya Birla Insurance Brokers Limited	0.04	0.21

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Aditya Birla PE Advisors Private Limited	-	0.15
	Aditya Birla Finance Limited	0.53	2.37
	Aditya Birla Sun Life Insurance Company Limited	0.50	2.02
	Aditya Birla Sun Life AMC Limited	0.37	1.61
	Aditya Birla Housing Finance Limited	0.04	0.23
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.18	0.24
	Aditya Birla Money Limited	0.35	0.53
	Aditya Birla ARC Limited	0.19	-
	Aditya Birla Health Insurance Co. Limited	0.42	0.63
	Aditya Birla Wellness Private Limited	0.17	0.27
	ESOP Charges	**14.40**	**33.73**
	Aditya Birla PE Advisors Private Limited	0.13	1.15
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	0.10
	Aditya Birla Finance Limited	3.92	7.74
	Aditya Birla Financial Shared Services Limited	0.21	0.44
	Aditya Birla Housing Finance Limited	0.20	0.65
	Aditya Birla Health Insurance Co. Limited	1.04	2.02
	Aditya Birla Insurance Brokers Limited	0.80	1.81
	Aditya Birla Money Limited	0.09	0.76
	Aditya Birla Wellness Private Limited	-	0.01
	Aditya Birla Sun Life AMC Limited	4.92	11.47
	Aditya Birla Sun Life Insurance Company Limited	3.04	7.43
	Aditya Birla Sun Life Pension Management Limited	0.04	0.10
	Aditya Birla Money Insurance Advisory Services Limited	β	β
	Grasim Industries Limited	0.01	0.05
	Expesnes Recovered	**0.85**	**1.00**
	Aditya Birla Financial Shared Services Limited	-	0.10
	Aditya Birla Management Corporation Private Limited	0.06	0.11
	Aditya Birla Finance Limited	0.67	-
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.12	0.79
6	**Receivables**	**9.35**	**14.83**
	Aditya Birla PE Advisors Private Limited	-	2.14
	Aditya Birla Insurance Brokers Limited	0.18	0.95
	Aditya Birla Finance Limited	2.63	5.00
	Aditya Birla Sun Life Insurance Company Limited	3.36	2.49
	Aditya Birla Sun Life AMC Limited	2.09	3.63
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	β
	Aditya Birla Money Limited	0.06	0.12
	Aditya Birla Housing Finance Limited	0.28	0.24
	Aditya Birla Health Insurance Co. Limited	0.17	0.19
	Aditya Birla Wellness Private Limited	0.03	0.05

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forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Aditya Birla Money Insurance Advisory Services Limited	-	β
	Aditya Birla ARC Limited	0.02	-
	UltraTech Cement Limited	0.47	-
	Aditya Birla Management Corporation Private Limited	0.06	-
	Aditya Birla Capital Foundation	-	0.02
	Prepaid Balances		
	Aditya Birla Financial Shared Services Limited	0.02	0.05
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.01	-
	Deposits Payable		
	Aditya Birla Sun Life AMC Limited	-	0.25
	Aditya Birla Sun Life Insurance Company Limited	0.25	-
	Deposits Paid		
	Aditya Birla Sun Life AMC Limited	0.25	-
	Trade Payables	**1.27**	**1.31**
	Aditya Birla Financial Shared Services Limited	1.06	1.28
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	0.07	-
	Grasim Industries Limited	0.13	0.03
	Aditya Birla Money Mart Limited	-	β
	Aditya Birla PE Advisors Private Limited	0.01	-
7	**Non-Current Investments**		
	Quoted:		
	Equity Share Capital Held by the Company		
	Aditya Birla Money Limited	248.30	248.30
	Unquoted:		
	Equity Share Capital Held by the Company		
	Aditya Birla PE Advisors Private Limited	3.50	3.50
	Aditya Birla Financial Shared Services Limited	0.05	0.05
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	9.27	9.27
	Aditya Birla Trustee Company Private Limited	0.05	0.05
	Aditya Birla Insurance Brokers Limited	0.30	0.30
	Aditya Birla Finance Limited	5,612.65	5,612.65
	Aditya Birla Money Mart Limited	93.20	93.20
	Aditya Birla Housing Finance Limited	1,217.66	1,217.66
	Aditya Birla Sun Life AMC Limited	33.71	33.71
	Aditya Birla Sun Life Insurance Company Limited	1,206.93	1,206.93
	Aditya Birla Sun Life Trustee Private Limited	0.02	0.02
	Aditya Birla Wellness Private Limited	17.75	17.75
	Aditya Birla Health Insurance Company Limited	629.31	466.11
	ABCAP Trustee Company Private Limited	0.05	0.03
	Aditya Birla ARC Limited	100.00	100.00
	Aditya Birla Stressed Asset AMC Private Limited	14.80	14.80

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Year Ended/ As at 31st March 2021	Year Ended/ As at 31st March 2020
	Equity Component for Investment in Preference Shares of Aditya Birla Money Mart Limited	-	0.06
	Preference Share Capital Held by the Company		
	Aditya Birla Finance Limited		
	8% Cumulative Redeemable Preference Shares	-	-
	Interest Income Accrued on Preference Shares	-	0.66
	Aditya Birla Money Mart Limited		
	0.1% Redeemable Non-Convertible Non-Cumulative Preference Shares	26.01	0.10
	Interest Income Accrued on Non-Convertible Non-Cumulative Preference Shares	14.09	0.06
	Aditya Birla Money Limited		
	8% Redeemable Non-Convertible Cumulative Preference Shares	30.00	30.00
	Interest Income Accrued Non-Convertible Cumulative Preference Shares	24.62	20.74
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)		
	0.001% Compulsory Convertible Cumulative Preference Shares	14.98	14.98
	Aditya Birla ARC Limited		
	0.001% Compulsory Convertible Cumulative Preference Shares	5.00	5.00
	Debentures Held by the Company		
	Aditya Birla Money Mart Limited		
	0.1% Cumulative Convertible Debentures (CCD)	-	26.01
	Interest Income Accrued on CCD	-	10.78
	Aditya Birla Finance Limited		
	0.1% Cumulative Convertible Debentures (CCD)	-	23.99
	Interest Income Accrued on CCD	-	9.94
8	**Loans**	**104.50**	**20.15**
	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	11.00	13.59
	Aditya Birla Housing Finance Limited	4.00	6.56
	Aditya Birla Money Mart Limited	85.00	-
	Aditya Birla Stressed Asset AMC Private Limited	4.50	-
9	**Key Managerial Personnel ****		
	Mr. Ajay Srinivasan		
	Remuneration	23.48	28.22
	ESOP Accounting Charge	4.14	7.85
	Mr. Arun Adhikari	0.05	0.04
	Mr. P. H. Ravikumar	0.06	0.04
	Mr. S. C. Bhargava	0.06	0.04
	Ms. Vijayalakshmi R. Iyer	0.06	0.03

** Figures of ₹ 50,000 or less have been denoted by β.*

*** Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall the Company basis at the end of each year, and accordingly have not been considered in the above information. Amounts shown here are before allocation to subsidiary companies.*

*** Variable pay is within 70% of the gross salary.*

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Annexure: 2

Sr. No.	Particulars	As at 31st March 2021 Amount Outstanding	As at 31st March 2021 Amount Overdue	As at 31st March 2020 Amount Outstanding	As at 31st March 2020 Amount Overdue
	Liabilities Side:				
1	**Loans and Advances Availed by the CIC inclusive of Interest Accrued thereon but not paid:**				
	(a) Debentures: Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	-	-
	(d) Inter-Corporate Loans and Borrowings	-	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Other Loans (specify nature)	-	-	-	-

Sr. No.	Particulars	Amount Outstanding As at 31st March 2021	Amount Outstanding As at 31st March 2020
	Assets Side:		
2	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	-	-
	(b) Unsecured	138.16	51.71

₹ crore

Sr. No.	Particulars	Amount Outstanding As at 31st March 2021	Amount Outstanding As at 31st March 2020
	Assets Side:		
3	**Break-up of Leased Assets and Stock on Hire and other Assets counting towards asset financing activities:**		
	(i) Lease Assets including Lease Rentals under Sundry Debtors:		
	(a) Financial Lease (Refer Note No. 31)	10.79	1.55
	(b) Operating Lease	-	-
	(ii) Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other Loans counting towards AFC activities		
	(a) Loans where Assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
4	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

₹ crore

Sr. No.	Particulars	Amount Outstanding As at 31st March 2021	Amount Outstanding As at 31st March 2020
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	296.93	406.32
	(iv) Government Securities	-	-
	(v) Private Equity Fund	-	-
	Long-term Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	206.71	206.71
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	8,936.19	8,772.99
	(b) Preference	114.71	71.40
	(ii) Debentures and Bonds	-	70.72
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Private Equity Fund	-	-

		Amount Outstanding As at 31st March 2021		Amount Outstanding As at 31st March 2020	
		Secured	Unsecured	Secured	Unsecured
5	**Borrower group-wise classification of assets financed as in (2) and (3) above:**				
	Category				
	1. Related Parties				
	(a) Subsidiaries	-	104.08	-	20.07
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
	(d) Other than Related Parties	-	34.08	-	31.64
	Total	**-**	**138.16**		**51.71**
6	**Investor group-wise classification of all investments (current and long-term) in shares and securities (both Quoted and Unquoted):**				
	Category	Market Value/ Break-up or Fair Value or NAV	Book Value (Net of Provisions	Market Value/ Break-up or Fair Value or NAV	Book Value (Net of Provisions
	1. Related Parties				
	(a) Subsidiaries/Joint Ventures	13,043.95	9,257.61	11,770.56	9,121.82
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
	(d) Other than Related Parties	296.93	296.93	406.32	406.32
	Total	**13,340.88**	**9,554.54**	**12,176.88**	**9,528.14**

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

		Amount Outstanding As at 31st March 2021		Amount Outstanding As at 31st March 2020	
		Secured	Unsecured	Secured	Unsecured
7	**Other Information**	-	-	-	-
	Gross Non-Performing Assets	-	-	-	-
	(a) Related Parties	-	-	-	-
	(b) Other than Related Parties	-	-	-	-
	Net Non-Performing Assets	-	-	-	-
	(a) Related Parties	-	-	-	-
	(b) Other than Related Parties	-	-	-	-

Annexure: 3

Break-up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

₹ crore

Sr. No.	Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
1	Provisions for Depreciation on Investments*	-	(29.17)
2	Provisions towards Non-Performing Assets	-	-
3	Provisions made towards Income Tax (shown below Profit Before Tax)		
	Current Tax	4.38	-
	(Excess)/Provision for Tax related to earlier years (Net)	-	-
	Deferred Tax	(5.12)	(2.20)
4	Tax Impact on Other Comprehensive Income	0.09	-
5	Other Provisions and Contingencies		
	Provisions for Outstanding Financial Gurantees	0.07	-
	Provisions for Standard Assets	0.34	(0.05)

** Diminution in investment*

Annexure: 4

Components of ANW and other related information

₹ crore

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	ANW as a % of Risk-Weighted Assets	87.76%	86.59%
2	Unrealised appreciation in the Book Value of Quoted Investments	-	-
3	Diminution in the aggregate Book Value of Quoted Investments	24.34	70.19
4	Leverage Ratio	0.05	0.06

Annexure: 5

Off Balance Sheet Exposure

₹ crore

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	Off Balance Sheet Exposure	225.93	310.97
2	Financial Guarantee as a % of total Off Balance Sheet Exposure	100.00%	97.45%
3	Non-Financial Guarantee as a % of total Off Balance Sheet Exposure	-	2.55%
4	Off Balance Sheet Exposure to overseas Subsidiaries	-	-
5	Letter of Comfort issued to any Subsidiary	300.00	300.00
6	Letter of Awareness issued to any Subsidiary	210.00	210.00

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Annexure: 6

Investments

₹ crore

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	**Value of Investments**		
	i) Gross Value of Investments	9,599.19	9,572.97
	a) In India	9,599.19	9,572.97
	b) Outside India	-	-
	ii) Provisions for Depreciation*	**44.65**	**44.83**
	a) In India	44.65	44.83
	b) Outside India	-	-
	iii) Net Value of Investments	**9,554.54**	**9,528.14**
	a) In India	9,554.54	9,528.14
	b) Outside India	-	-
2	**Movement of Provisions held towards Depreciation on Investments**		
	i) Opening Balance	44.83	36.67
	ii) Add: Provisions made during the year	-	29.17
	iii) Less: Write-off/Write-back of excess provisions during the year (Refer Note Nos. 46 and 50)	0.18	21.01
	iv) Closing Balance	**44.65**	**44.83**

** Diminution in investment*

Annexure: 7

Business Ratios

Sr. No.	Particulars	As at/For the Year Ended 31st March 2021	As at/For the Year Ended 31st March 2020
1	Return on Equity (RoE)	3.02%	1.24%
2	Return on Assets (RoA)	0.75%	0.31%
3	Net Profit per Employee	2.52	0.96

Annexure: 8

Public Disclosure on Liquidity Risk

i) Funding Concentration based on significant counterparty (both deposits and borrowings) - Nil

Sr. No.	Number of Significant Counterparties	As at 31st March 2021		As at 31st March 2020	
		Amount	% of Total Liabilities	Amount	% of Total Liabilities
-	-	-	-	-	-
ii)	Top 20 large deposits (amount in ₹ Crore and % of total deposits) - Not Appplicable				
iii)	Top 10 borrowings (amount in ₹ Crore and % of total borrowings) - Nil				

Sr. No.	Nature of Borrowings	As at 31st March 2021		As at 31st March 2020	
		Amount	% of Total Borrowings	Amount	% of Total Borrowings
-	-	-	-	-	-
iv)	Funding Concentration based on significant instrument/product - Nil/Not Appplicable				

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Sr. No.	Nature of the Instruments/Products	As at 31st March 2021		As at 31st March 2020	
		Amount	% of Total Liabilities	Amount	% of Total Liabilities
-	-	-	-	-	-

v) Stock Ratios

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	Commercial Papers to Total Liabilities	0.00%	0.00%
2	Commercial Papers to Total Assets	0.00%	0.00%
3	NCDs (Original Maturity <1 yr.) to Total Liabilities	Not Applicable	Not Applicable
4	NCDs (original Maturity <1 yr.) to Total Assets	Not Applicable	Not Applicable
5	Other Short-term Liabilities* to Total Liabilities	43.12%	26.85%
6	Other Short-term Liabilities* to Total Assets	0.82%	0.47%

** Total Liabilities do not include Net Worth.*

vi) Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility for establishing the risk management framework of the Company. The Board decides the liquidity risk tolerance/limits, and accordingly lays down strategies, policies and procedures for the management of liquidity risk.

The Company has instituted a Risk Management Committee, which reports to the Board, and is responsible for evaluating the overall risks faced by the Company, including liquidity risk.

The Asset-Liability Committee (ALCO) of the Company, consisting of the Company's senior management and Members of the Board, is responsible for ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

The Company has also constituted Asset-Liability Management (ALM) Support Group at the execution level, which is responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO.

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Annexure: 9

Sr. No.	Particulars	As at 31st March 2021										
		1 Day to 7 Days	8 Days to 14 Days	15 Days to 30/31 Days	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
1	**Liabilities:**											
	(a) Trade Payables	0.37	1.00	3.20	4.17	-	-	-	-	-	-	8.74
	(b) Lease Liabilities	-	-	-	-	-	-	3.28	6.09	1.62	-	10.99
	(c) Other Financial Liabilities	-	0.01	-	-	-	18.82	-	1.05	-	-	19.87
2	**Assets:**											
	(a) Cash and Cash Equivalents	2.07	-	-	-	-	-	-	0.26	-	-	2.33
	(b) Receivables - Others	-	-	8.00	1.36	-	-	-	-	-	-	9.36
	(c) Loans	-	4.00	-	-	-	-	100.08	-	-	-	104.08
	(d) Other Financial Assets	-	-	-	-	-	-	1.30	0.78	-	-	2.08
	(e) Investments	296.93	-	-	-	-	-	-	94.73	-	9,162.88	9,554.54

Sr. No.	Particulars	As at 31st March 2020										
		1 Day to 7 Days	8 Days to 14 Days	15 Days to 30/31 Days	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
1	**Liabilities:**											
	(a) Trade Payables	0.28	2.19	3.00	3.27	-	-	-	-	-	-	8.74
	(b) Lease Liabilities	-	-	-	-	-	-	0.86	0.38	-	-	1.24
	(c) Other Financial Liabilities	0.05	-	-	-	-	7.75	10.39	0.25	-	-	18.44
2	**Assets:**											
	(a) Cash and Cash Equivalents	1.22	-	4.99	-	-	-	-	0.26	-	-	6.47
	(b) Receivables - Others	-	7.49	6.25	1.09	-	-	-	-	-	-	14.83
	(c) Loans	-	-	-	-	-	-	20.07	-	-	-	20.07
	(d) Other Financial Assets	-	-	-	-	-	-	-	2.84	-	-	2.84
	(e) Investments	406.32	-	-	-	-	0.66	-	50.76	70.72	8,999.68	9,528.14

Notes

forming part of the Standalone Financial Statements for the year ended 31st March 2021

Annexure: 10

Concentration of NPAs

₹ crore

Sr. No.	Particulars	As at 31st March 2021		As at 31st March 2020	
		Amount	Exposure as % of Total Assets	Amount	Exposure as % of Total Assets
1	Total Exposure to top five NPA accounts	-	-	-	-

Annexure: 11

Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Sr. No.	Name of the Joint Venture/Subsidiary	As at 31st March 2021		
		Other Partner in the JV	Country	Total Assets
-	-	-	-	-

Sr. No.	Name of the Joint Venture/Subsidiary	As at 31st March 2020		
		Other Partner in the JV	Country	Total Assets
-	-	-	-	-

Annexure: 12

Exposure to Real Estate Sector, both direct and indirect

Sr. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	Direct Exposure - Investment Properties	15.24	15.68
2	Indirect Exposure		
	Fund Base*	1,221.66	1,224.22
	Non-Fund Base**	225.93	303.05

**Represents investments in Equity Shares and Inter-Corporate Deposits.*

***Represents Corporate Gurantee given to NHB on behalf of Aditya Birla Housing Finance Limited (Refer Note No. 30 (a)).*

Annexure: 13

Miscellaneous Disclosures

a)	Registration/licence/authorisation, by whatever name called, obtained from other financial sector regulators	-	NA
b)	Penalties imposed by RBI and other regulators including strictures or directions on the basis of inspection reports or other adverse findings	-	Nil
c)	If the auditor has expressed any modified opinion(s) or other reservation(s) in his audit report or limited review report in respect of the financial results of any previous financial year or quarter which has an impact on the profit or loss of the reportable period.	-	Nil

Independent Auditor's Report

To
The Members of
Aditya Birla Capital Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Aditya Birla Capital Limited** (the "Holding Company") and its subsidiaries, (Holding Company and its subsidiaries together referred to as the "Group") which includes the Group's share of profit (net) in joint ventures, which comprise the Consolidated Balance Sheet as at 31st March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 of the subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 60 to the Consolidated Financial Statements in which the Group describes the continuing uncertainties arising from the COVID-19 pandemic.

Our report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Allowances for Expected Credit Losses:** As at 31st March 2021, carrying amount of loan assets measured at amortised cost, aggregated ₹59,725.61 Crore (net of expected credit loss ₹1,209.14 Crore), constituting approximately 48% of the Group's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.	We performed the following audit procedures: Examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors.

Sr. No.	Key Audit Matter	Auditor's Response
	As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost. • Basis used for estimating Probabilities of Default ("PD"), • Basis used for estimating Loss Given Default ("LGD") • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions. • Adjustments to model driven ECL results to address emerging trends. (Refer Note 2.5 and 57 to the Consolidated Financial Statements)	Our audit procedures related to the allowance for ECL included the following, among others: • Testing the design and effectiveness of internal controls over the following: – completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. – Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and – computation of the ECL including methodology used to determine macroeconomic overlays and adjustments to the output of the ECL Model. • Also, for a sample of ECL allowance on loan assets tested: – we tested the input data such as ratings and period of default and other related information used in estimating the PD; – we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. – we evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. • We also evaluated the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee. • We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.
2.	**Impairment of the carrying value of Goodwill on consolidation** There is a risk that the goodwill attributed to certain cash generating units which are under performing, may be impaired. The Group annually carries out an impairment assessment of goodwill using a value-in-use model or on the basis of value-on-sale. The value-in-use model is based on the net present value of the forecast earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts. (Refer Note 2.4 and 16 of the Consolidated Financial Statements)	We performed the following audit procedures: • Comparing the Group's assumptions to externally derived data in relation to key inputs such as long-term growth rates and discount rates. • Assessing the appropriateness of the forecasted cash flows within the budgeted period based on our understanding of the business. • Considering historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved. • Involving our fair valuation experts to challenge the management's underlying assumptions for terminal growth rate and weighted average cost of capital and the appropriateness of the valuation model used. • Performing sensitivity analysis in relation to the key assumptions.

Independent Auditor's Report

Sr. No.	Key Audit Matter	Auditor's Response
3.	**Information Technology and General Controls** The Group is dependent on its Information Technology ("IT") due to the significant number of transactions that are processed daily across multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a Key Audit Matter	Auditors of components and we performed the following audit procedures: With the assistance of IT specialists, component auditors and we obtained an understanding of the Group's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular, auditors of components and we: • tested the design, implementation and operating effectiveness of the Group's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Group's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit; • tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls over financial reporting. Our tests including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management Discussion and Analysis (MD&A) (collectively referred to as "other information"), but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint ventures, is traced from their financial statements audited by other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be

Independent Auditor's Report

thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 14 subsidiaries, whose financial statements reflect total assets of ₹2,507.35 Crore as at 31st March 2021, total revenues of ₹1,320.95 Crore and net cash inflows amounting to ₹90.62 Crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax (net) of ₹268.41 Crore and total comprehensive income (net) of ₹269.17 Crore for the year ended 31st March 2021, as considered in the consolidated financial statements, in respect of 6 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and 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 joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, 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.

(b) The financial information of 1 subsidiary, whose financial statements reflect total assets of ₹55,985.26 Crore as at 31st March 2021, total revenues of ₹10,376.18 Crore and net cash outflow of ₹185.52 Crore for the year ended 31st March 2021, as considered in the Statement, has been audited by us jointly with another auditor. Our report is not modified in respect of this matter.

(c) Determination of the following as at and for the year ended 31st March 2021 is the responsibility of the Group's Appointed Actuaries':

(i) The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2021 in respect of subsidiary engaged in Life Insurance segment and the actuarial valuation of Claims Incurred But Not Reported (IBNR), Claims Incurred But Not Enough Reported (IBNER) and Premium Deficiency Reserve (PDR) as at 31st March 2021 in respect of subsidiary engaged in Health Insurance segment is the responsibility of the subsidiaries' Appointed Actuaries. In their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in concurrence with the IRDAI. The charge of "Change in Valuation of Liabilities" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at 31st March 2021 and "Benefits Paid" includes the estimate of IBNR and IBNER. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiaries' Appointed Actuaries; and

(ii) Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuaries in the Life Insurance and Health Insurance segments are in accordance with Indian Accounting Standard 104 on Insurance Contracts:

a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;

b. Valuation and Classification of Deferred Acquisition Cost and Deferred Origination Fees on Investment Contracts;

c. Grossing up and classification of the Reinsurance Assets; and

d. Liability adequacy test as at the reporting dates.

The respective auditors of these subsidiaries have relied on the certificates of the Appointed Actuaries in respect of above matters in forming their opinion on the financial information of the said subsidiaries.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

d) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2021 taken on record by the Board of Directors of the Company, subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

e) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company, subsidiary companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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, as amended 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 the consolidated financial position of the Group and joint ventures.

ii) The liability for insurance contracts is determined by the Subsidiary Companies' Appointed Actuaries', and is covered by the Subsidiary Companies' Appointed Actuaries' certificates, referred to in sub-paragraph no. (b) in the Other Matters paragraph above, on which we have placed reliance; and the provision has been made in 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.

iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and joint venture companies incorporated in India.

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

Mukesh Jain
Partner
Membership No. 108262
(UDIN: 21108262AAAAIY9944)

Place: Mumbai
Date: 14th May 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(e) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 the Company as of and for the year ended 31st March 2021, 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 and Joint Ventures, which are Companies incorporated in India, as of that date.

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Policy Liabilities and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities as at 31st March 2021 has been duly certified by the subsidiaries' appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations"), and has been relied upon by subsidiaries' auditors, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements as at and for the year ended 31st March 2021. In view of this, the subsidiaries' auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Companies and Joint Ventures, 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 respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI)". 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its Subsidiary Companies and Joint Ventures, which are Companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 auditors of the Subsidiary Companies and Joint Ventures, which are Companies incorporated in India, 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 of the Holding Company and its Subsidiary Companies and its Joint Ventures, which are Companies incorporated in India.

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 other auditors referred to in the Other Matters paragraph below, the Holding Company and its Subsidiary Companies and Joint Ventures, which are Companies incorporated in India, have, 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 31st March 2021, based on, the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 14 Subsidiary Companies and 3 Joint Ventures, which are Companies incorporated in India, is based solely on the corresponding reports of the auditors of such Companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Mukesh Jain
Partner
Membership No. 108262
(UDIN: 21108262AAAAIY9944)

Place: Mumbai
Date: 14th May 2021

Consolidated Balance Sheet

as at 31st March 2021

₹ crore

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
I ASSETS			
(1) Financial Assets			
(a) Cash and Cash Equivalents	3	2,355.74	2,815.05
(b) Bank Balance other than (a) above	4	451.67	302.08
(c) Derivative Financial Instruments	5	23.77	72.19
(d) Trade Receivables	6	445.99	473.12
(e) Loans	7	59,725.61	58,355.36
(f) Investments			
- Investments of Life Insurance Business			
- Investments of Life Insurance Policyholders'	8A	23,011.02	16,669.26
- Investments of Life Insurance Shareholders'	8B	2,598.81	2,459.41
- Investments of Health Insurance Business			
- Investments of Health Insurance Policyholders'	9A	963.56	628.31
- Investments of Health Insurance Shareholders'	9B	304.60	240.89
- Other Investments	10	1,976.05	4,906.42
(g) Assets Held to Cover Linked Liabilities of Life Insurance Business	11	27,969.19	22,828.79
(h) Other Financial Assets	12	1,283.91	1,149.86
Sub-Total		**121,109.92**	**110,900.74**
(2) Non-Financial Assets			
(a) Current Tax Assets (Net)		321.91	356.29
(b) Deferred Tax Assets (Net)	13	309.60	271.58
(c) Investment Property	14	15.24	15.67
(d) Property, Plant and Equipment	15	102.21	121.14
(e) Capital Work-in-Progress		1.41	2.71
(f) Goodwill	16	570.04	570.04
(g) Other Intangible Assets	17	231.57	165.74
(h) Right-to-Use of Assets	42	339.74	308.04
(i) Intangible Assets Under Development		43.54	71.61
(j) Investments in Joint Venture Companies		879.55	681.78
(k) Other Non-Financial Assets	18	371.60	326.39
Sub-Total		**3,186.41**	**2,890.99**
Total Assets		**124,296.33**	**113,791.73**

Consolidated Balance Sheet (Contd.)

as at 31st March 2021

₹ crore

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
II LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Derivative Financial Instruments	5	33.71	-
(b) Trade Payables	19		
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		16.34	6.99
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		703.81	540.18
(c) Debt Securities	20	18,901.33	20,264.40
(d) Borrowings (other than Debt Securities)	21	31,131.63	33,030.30
(e) Subordinated Liabilities	22	2,642.02	2,335.11
(f) Lease Liabilities	42	368.75	336.62
(g) Policyholders' Liabilities	23	52,476.47	41,264.54
(h) Other Financial Liabilities	24	1,677.72	1,227.00
Sub-Total		**107,951.78**	**99,005.14**
(2) Non-Financial Liabilities			
(a) Current Tax Liabilities (Net)		36.70	28.72
(b) Provisions	25	283.88	261.00
(c) Deferred Tax Liabilities (Net)	13	359.37	288.35
(d) Other Non-Financial Liabilities	26	437.18	313.14
Sub-Total		**1,117.13**	**891.21**
(3) Equity			
(a) Equity Share Capital	27	2,415.28	2,413.76
(b) Other Equity	28	11,327.30	10,162.03
Equity Attributable to Owners of the Parent		**13,742.58**	**12,575.79**
(c) Non-Controlling Interests		1,484.84	1,319.59
Total Equity		**15,227.42**	**13,895.38**
Total Liabilities and Equity		**124,296.33**	**113,791.73**

Note: The assets and liabilities disclosed above consist of amount relating to both shareholders' and life insurance policyholders' fund. The Company identifies these assets and liabilities separately to comply with Section 10 of Insurance Act, 1938, and are disclosed under Note No. 52.

Significant Accounting Policies	2		
The accompanying Notes are an integral part of the Financial Statements.			

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer

Amber Gupta
Company Secretary

Mumbai, 14th May 2021

Consolidated Statement of Profit and Loss

for the year ended 31st March 2021

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
REVENUE FROM OPERATIONS			
(a) Interest Income	29	6,767.74	7,229.14
(b) Dividend Income	30	2.85	19.38
(c) Fees and Commission Income		938.73	829.45
(d) Net Gain on Fair Value Changes	31	159.63	226.12
(e) Policyholders' Income from Life Insurance Operations	52	10,193.91	7,601.93
(f) Policyholders' Income from Health Insurance Operations	53	1,178.87	785.16
(g) Sale of Services		6.06	-
Total Revenue from Operations		**19,247.79**	**16,691.18**
Other Income	32	25.99	18.12
Total Income		**19,273.78**	**16,709.30**
EXPENSES			
(a) Finance Cost	33	3,915.76	4,633.81
(b) Fees and Commission Expenses		473.34	408.01
(c) Impairment on Financial Instruments including Loss on Derecognition of Financial Assets at Amortised Cost (Expected Credit Loss)	34	771.94	778.05
(d) Employee Benefits Expenses	35	758.02	705.46
(e) Policyholders' Expenses of Life Insurance Operations	52	10,169.45	7,604.62
(f) Policyholders' Expenses of Health Insurance Operations	53	1,391.32	1,035.84
(g) Depreciation and Amortisation Expenses	36	114.45	102.56
(h) Other Expenses	37	402.22	402.14
Total Expenses		**17,996.50**	**15,670.49**
Profit Before Share of Joint Ventures, Exceptional Items and Tax		**1,277.28**	**1,038.81**
Share of Profit/(Loss) of Joint Venture Companies		268.41	250.92
Profit Before Exceptional Items and Tax		**1,545.69**	**1,289.73**
Exceptional Items		-	(9.99)
Profit Before Tax		**1,545.69**	**1,279.74**
Relating to other than Revenue Account of Life Insurance Policyholders'			
Current Tax		371.91	384.52
Short/(Excess) Provision for Tax Related to Earlier Years (Net)		(6.44)	(7.27)
Deferred Tax		24.04	2.81
Relating to Revenue Accounts of Life Insurance Policyholders'			
Current Tax		50.53	33.57
Total Tax Expenses		**440.04**	**413.63**
Profit for the Year		**1,105.65**	**866.11**

Consolidated Statement of Profit and Loss (Contd.)

for the year ended 31st March 2021

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
Other Comprehensive Income	38		
Relating to Revenue Accounts of Life Insurance Policyholders'			
(i) Items that will not be reclassified to profit or loss in subsequent periods		(1.44)	(6.53)
(ii) Items that will be reclassified to profit or loss in subsequent periods		47.38	264.38
Less: Transferred to Policyholders' Fund in the Balance Sheet		(45.94)	(257.85)
Relating to Revenue Accounts of Health Insurance Policyholders'			
(i) Items that will not be reclassified to profit or loss in subsequent periods		1.46	1.24
(ii) Items that will be reclassified to profit or loss in subsequent periods		(5.71)	8.15
Related to Others			
(i) Items that will not be reclassified to profit or loss		70.50	(16.34)
Income Tax relating to items that will not be reclassified to profit or loss		(10.94)	2.87
(i) Items that will be reclassified to profit or loss		3.36	88.44
Income Tax relating to items that will be reclassified to profit or loss		1.52	(9.73)
Other Comprehensive Income for the Year		60.19	74.63
Total Comprehensive Income for the Year		**1,165.84**	**940.74**
Profit for the Year Attributable to			
- Owners of the Company		1,126.54	919.78
- Non-Controlling Interest		(20.89)	(53.67)
Other Comprehensive Income for the Year Attributable to			
- Owners of the Company		26.57	24.18
- Non-Controlling Interest		33.62	50.45
Total Comprehensive Income for the Year Attributable to			
- Owners of the Company		1,153.11	943.96
- Non-Controlling Interest		12.73	(3.22)
Basic Earnings Per Share - (₹)	39	4.67	4.07
Diluted Earnings Per Share - (₹)		4.66	4.06
(Face Value of ₹10 each)			
Significant Accounting Policies	2		
The accompanying Notes are an integral part of the Financial Statements.			

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March 2021

₹ crore

Particulars	Year Ended 31st March 2021		Year Ended 31st March 2020	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax	1,277.28		1,038.81	
Adjustments for-				
Expense on Employee Stock Options Scheme	14.98		33.04	
Impairment on Financial Instruments including Loss on Derecognition of Financial Assets at Amortised Cost (Expected Credit Loss)	772.36		780.31	
Net Gain on Fair Value Changes	(568.96)		(100.46)	
Change in Valuation of Liabilities in respect of Insurance Policies in force	4,374.83		1,032.26	
Loss on Sale of Property, Plant and Equipment	1.11		0.72	
Depreciation and Amortisation	223.05		204.31	
Operating Profit Before Working Capital Changes	**6,094.65**		**2,988.99**	
Adjustments for-				
Decrease/(Increase) in Trade Receivables	25.64		(104.04)	
Decrease/(Increase) in Loans	(2,139.55)		2,674.54	
Decrease/(Increase) in Other Assets	(178.45)		(284.55)	
(Decrease)/Increase in Trade Payables	175.25		(9.31)	
(Decrease)/Increase in Provisions	31.87		23.19	
(Decrease)/Increase in Net Assets of Life Insurance and Health Insurance Policyholders'	(4,290.54)		(991.05)	
(Decrease)/Increase in Other Liabilities	346.49		601.09	
Cash Used in Operations	**65.36**		**4,898.86**	
Income Taxes (Paid)/Refund	(373.13)		(627.88)	
Net Cash (Used in)/from Operating Activities		**(307.77)**		**4,270.98**
B CASH FLOW FROM INVESTING ACTIVITIES				
Addition to Property, Plant and Equipment and Intangible Assets	(149.95)		(157.29)	
Proceeds from Sale of Property, Plant and Equipment	1.91		2.82	
Purchase of Long-Term Investments	(140.49)		(631.61)	
Proceeds from Sale of Long-Term Investments	189.32		182.26	
(Purchase)/Sale of Insurance Shareholders Investments (Net)	(399.59)		(310.17)	
(Purchase)/Sale of Current Investments (Net)	3,006.06		(2,368.82)	
Bank Deposits with original maturity greater than three months (Net)	(149.58)		44.96	
Dividend Received	71.40		168.30	
Net Cash from/(Used in) Investing Activities		**2,429.08**		**(3,069.55)**

Consolidated Cash Flow Statement (Contd.)

for the year ended 31st March 2021

₹ crore

	Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Exercise of Employee Stock Options	1.52	2.36
	Share of Proceeds from Issue of Equity Shares including Share Premium (Net of Share Issue Expenses)	-	2,097.13
	Proceeds from Shares issued by Subsidiary Companies to Non-Controlling Interest	156.80	174.44
	Proceeds from Long-Term Borrowings	11,036.80	15,210.07
	Repayment of Long-Term Borrowings	(14,028.80)	(9,299.64)
	Short-Term Borrowings (Net)	370.44	(7,196.12)
	Repayment of Lease Liabilities (including Interest thereon)	(107.22)	(106.11)
	Dividend Paid to Non-Controlling Interest	(11.54)	(7.42)
	Share Application Money Pending Allotment	1.38	-
	Net Cash (Used in)/from Financing Activities	**(2,580.62)**	**874.71**
D	**NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**(459.31)**	**2,076.14**
E	**OPENING CASH AND CASH EQUIVALENTS**	**2,815.05**	**738.91**
F	**CLOSING CASH AND CASH EQUIVALENTS (D+E)**	**2,355.74**	**2,815.05**

Cash Flow from Operations includes:

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest Received	8,955.29	9,236.16
Interest Paid	4,196.75	4,292.57
Dividend Received	151.65	177.13

Additional Disclosure pursuant to Ind AS 7 (Borrowings movement during the year)

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Opening Balance	55,629.80	56,489.67
Cash Flows	(2,621.56)	(1,285.69)
Others*	(333.27)	425.82
Closing Balance	52,674.97	55,629.80

** Includes fair value adjustment, foreign exchange fluctuation, interest accrued but not due, etc.*

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer

Amber Gupta
Company Secretary

Mumbai, 14th May 2021

Consolidated Statement of Changes in Equity

for the year ended 31st March 2021

(A) EQUITY SHARE CAPITAL

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Balance at the beginning of the Year	2,413.76	2,201.04
Changes in Equity Share Capital during the Year	1.51	212.73
Balance at the end of the Period	**2,415.28**	**2,413.76**

(B) OTHER EQUITY

For the year ended 31st March 2020

₹ crore

Particulars	Reserves and Surplus									Items of Other Comprehensive Income				Equity attributable to Shareholders of the Company	Non-Controlling Interest	Total Other Equity
					Other Reserves			Retained Earnings								
	Share Application Money Pending Allotment	Special Reserve	Capital Reserve	Securities Premium Reserve	Capital Fund	Debenture Redemption Reserve	Share Option Outstanding Account	Surplus as per Statement of Profit and Loss	General Reserve	Debt Instrument through Other Comprehensive Income	Equity Instrument through Other Comprehensive Income	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve			
Balance as at 1st April 2019	-	681.13	48.40	4,144.28	0.01	-	175.02	2,250.06	12.57	16.98	(20.56)	-	3.06	7,310.95	1,157.43	8,468.38
Profit for the Year	-	-	-	-	-	-	-	919.78	-	-	-	-	-	919.78	(53.67)	866.11
Other Comprehensive Income/ (Loss) for the Year (Refer Note No. 38)	-	-	-	-	-	-	-	(5.84)	-	52.03	(3.40)	(19.67)	1.06	24.18	50.45	74.63
Total Comprehensive Income	-	-	-	-	-	-	-	**913.94**	-	**52.03**	**(3.40)**	**(19.67)**	**1.06**	**943.96**	**(3.22)**	**940.74**
Transition impact of Lease (Ind AS 116) [Refer Note 42]	-	-	-	-	-	-	-	(13.48)	-	-	-	-	-	(13.48)	(2.44)	(15.92)
Issue of Shares to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	174.44	174.44
Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.42)	(7.42)
Transfer to General Reserve	-	-	-	-	-	-	-	(1.98)	1.98	-	-	-	-	-	-	-
Transfer to Special Reserve	-	190.61	-	-	-	-	-	(190.61)	-	-	-	-	-	-	-	-
Addition during the Year	-	-	-	1,890.00	-	-	-	-	-	-	-	-	-	1,890.00	-	1,890.00
Reclassification of Gain/ Loss on Sale of FVTOCI Instruments	-	-	-	-	-	-	-	(18.72)	-	-	18.72	-	-	-	-	-
Transfer to General Reserve on Account of Lapse of Vested Options	-	-	-	-	-	-	(5.16)	-	5.16	-	-	-	-	-	-	-
Exercise of ESOP including ESOP issued by Subsidiary Companies	-	-	-	28.09	-	-	(28.09)	-	-	-	-	-	-	-	-	-
ESOP Charge for the Year	-	-	-	-	-	-	33.02	-	-	-	-		-	33.02	-	33.02
Others	-	-	-	-	-	-	-	0.56	-	-	-	-	-	0.56	0.80	1.36
Share Issue Expenses Netted Off	-	-	-	(2.98)	-	-	-	-	-	-	-	-	-	(2.98)	-	(2.98)
Balance as at 31st March 2020	**-**	**871.74**	**48.40**	**6,059.39**	**0.01**	**-**	**174.79**	**2,939.77**	**19.71**	**69.01**	**(5.24)**	**(19.67)**	**4.12**	**10,162.03**	**1,319.59**	**11,481.62**

Consolidated Statement of Changes in Equity

for the year ended 31st March 2021

(B) OTHER EQUITY

For the year ended 31st March 2021

₹ crore

Particulars	Reserves and Surplus									Items of Other Comprehensive Income				Equity attributable to Shareholders of the Company	Non-Controlling Interest	Total Other Equity
					Other Reserves			Retained Earnings								
	Share Application Money Pending Allotment	Special Reserve	Capital Reserve	Securities Premium Reserve	Capital Fund	Debenture Redemption Reserve	Share Option Outstanding Account	Surplus as per Statement of Profit and Loss	General Reserve	Debt Instrument through Other Comprehensive Income	Equity Instrument through Other Comprehensive Income	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve			
Balance as at 1st April 2020	-	871.74	48.40	6,059.39	0.01	-	174.79	2,939.77	19.71	69.01	(5.24)	(19.67)	4.12	10,162.03	1,319.59	11,481.62
Profit for the Year	-	-	-	-	-	-	-	1,126.54	-	-	-	-	-	1,126.54	(20.89)	1,105.65
Other Comprehensive Income/(Loss) for the Year (Refer Note No. 38)	-	-	-	-	-	-	-	6.78	-	6.79	27.25	(14.35)	0.10	26.57	33.62	60.19
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,133.32**	**-**	**6.79**	**27.25**	**(14.35)**	**0.10**	**1,153.11**	**12.73**	**1,165.84**
Issue of Shares to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156.80	156.80
Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11.54)	(11.54)
Transfer to General Reserve	-	-	-	-	-	-	-	(7.88)	7.88	-	-	-	-	-	-	-
Transfer to Special Reserve	-	197.64	-	-	-	-	-	(197.64)	-	-	-	-	-	-	-	-
Addition during the Year	1.38	-	-	-	-	7.65	-	(15.00)	-	-	-	-	-	(5.97)	7.35	1.38
Transfer to General Reserve on Account of Lapse of Vested Options	-	-	-	-	-	-	(1.96)	-	1.96	-	-	-	-	-	-	-
Exercise of ESOP including ESOP issued by Subsidiary Companies	-	-	-	17.09	-	-	(17.09)	-	-	-	-	-	-	-	-	-
ESOP Charge for the Year	-	-	-	-	-	-	18.31	-	-	-	-	-	-	18.31	-	18.31
Others	-	-	-	-	-	-	(0.23)	0.05	-	-	-	-	-	(0.18)	(0.09)	(0.27)
Balance as at 31st March 2021	**1.38**	**1,069.38**	**48.40**	**6,076.48**	**0.01**	**7.65**	**173.82**	**3,852.62**	**29.55**	**75.80**	**22.01**	**(34.02)**	**4.22**	**11,327.30**	**1,484.84**	**12,812.14**

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
ICAI Firm's Registration No. 117366W/W-100018

Mukesh Jain
Partner

Mumbai, 14th May 2021

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Aditya Birla Capital Limited ("the Company"/"the Parent") is a listed public company having its registered office at Indian Rayon Compound, Veraval – 362 266, Gujarat. The Company currently operates as a Non-Deposit Taking Core Investment Company registered with the RBI vide certificate no. B.01.00555, dated 16th October 2015. The Company is a subsidiary of Grasim Industries Limited.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of financial services comprising of lending, both as a non-banking financial institution and as a housing finance institution, life and health insurance, asset management, general insurance and stock broking and others.

Information on the Group's structure is provided in the Annexure A to Note 1. Information on other related party relationships of the Group is provided in Note No. 44.

The Group has prepared consolidated financial statements in compliance with Indian Accounting Standards ('Ind AS'), notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 14th May 2021.

The financial statements have been prepared and presented on the going concern basis and at historical cost, except for the following assets and liabilities, which have been subsequently measured at fair value:

- Derivative Financial Instruments measured at fair value.
- Certain financial assets and liabilities at fair value.
- Employee's Defined Benefits Plans as per actuarial valuation.

To provide more reliable and relevant information about the effect of certain items in the Consolidated Balance Sheet, and the Consolidated Statement of Profit and Loss, the Group has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to confirm to such current year grouping/classifications. There is no impact on Equity or Net Profit due to these regrouping/reclassifications.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Presentation of Financial Statements

The Group presents its financial statements to comply with Division III of Schedule III of the Companies Act, 2013, which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and the requirements of Ind AS. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note No. 58

Financial assets and liabilities are generally reported gross in the Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

2.3 Principles of Consolidation

Subsidiaries:

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an investee if, and only if, the Group has:

a. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary, and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of, during the year, are included in the consolidated financial statements from the date the Group gains control, until the date the Group ceases to control the subsidiary.

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items. Inter-Group transactions, balances and unrealised gains on transactions between the Group companies are

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets.

Profit and loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest; and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. Amounts previously recognised in OCI in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss or transferred directly to retained earnings) in the same manner, as would be required, if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary, at the date when control is lost, is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

On account of the regulatory restrictions on transfer of surplus/funds from the life insurance fund to shareholders, no proportion of the surplus relating to life insurance fund (including in respect of contracts without discretionary participating features), arising out of the adjustments due to application of Ind AS principles can be attributed to shareholders. Under the Previous GAAP fair valuation changes relating to the life insurance fund assets is accumulated within the liability group "Policyholders' Funds" in a line item labelled "Credit/(Debit) Fair Value Change Account" separately from "Policy Liabilities", "Insurance Reserves" and "Provision for Linked Liabilities". Therefore, the differences arising from the application of the Ind AS principles to the assets and liabilities of the life insurance fund be retained within the "Life Insurance Policyholders' Fund" liability group as "Fair Valuation Differences of Policyholders' Investments" and "Policyholders' Fund – Other Adjustments".

Further, all income and expenses pertaining to the life insurance fund have been grouped under "Income from Life Insurance Fund" and "Expense of the Life Insurance Fund" respectively. Assets and Liabilities of Life Insurance Fund have been clubbed with respective assets and liabilities. Disclosure of the same is provided in Note No. 52.

Investments in Associates and Joint Ventures

Associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint Ventures:

A joint venture is a type of joint arrangement whereby the parties, that have joint control of the arrangement, have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investments in the equity of an associate or a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits/losses of the investee in profit or loss, and the Group's share in other comprehensive income of the investee. Dividend received from associates and joint ventures are recognised as reduction in the carrying amount of the investments.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate and a joint venture' in the Statement of Profit and Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

difference between the carrying amount of the associate or joint venture, upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal, is recognised in the Statement of Profit and Loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to the Statement of Profit and Loss, where appropriate. Changes in investor's interest in other component of equity, in such cases, are being directly recognised in equity.

Accounting policies of equity accounted investees have been changed, where necessary, to ensure consistencies with the policies adopted by the Group.

2.4 Business Combination and Goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI), and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Statement of Profit and Loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as Stamp Duty for title transfer in the name of the Company, finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

A cash-generating unit, to which goodwill has been allocated, is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period, in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.5 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, that are attributable to the acquisition of the financial asset, are added to the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost,
- Debt instruments at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments, mutual funds at fair value through profit or loss (FVTPL), and
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt Instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI, if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b. The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Debt instruments, included within the FVTOCI category, are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for changes with respect to Policyholders' investments under the life insurance business (except for assets held to cover linked liabilities) relating to Revenue Account of Life Insurance Policyholders, wherein the fair value movements are included under "Policyholders' Liabilities (Life Insurance Contract Liabilities and Restricted Surplus)" in the Balance Sheet. The Group recognises interest income, impairment losses and reversals, and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt Instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss, except for changes with respect to Policyholders' investments under the life insurance business (except for assets held to cover linked liabilities) relating to Revenue Account of Life Insurance Policyholders, wherein the fair value movements are included under "Policyholders'

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Liabilities (Life Insurance Contract Liabilities and Restricted Surplus)" in the Balance Sheet.

Equity Investments

Investments in Associates and Joint Ventures are accounted using the equity method, as explained in item 2.3 above.

All other equity investments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments other than held for trading, the Group has irrevocable option to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition, and is irrevocable.

Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment.

Equity instruments, included within the FVTPL category, are measured at fair value with all changes recognised in the Statement of Profit and Loss, except for changes with respect to Policyholders' investments under the life insurance business (except for assets held to cover linked liabilities) relating to Revenue Account of Life Insurance Policyholders, wherein the fair value movements are included under "Policyholders' Liabilities (Life Insurance Contract Liabilities and Restricted Surplus)" in the Balance Sheet

Impairment of Financial Assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivables;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly, since initial recognition (and consequently for credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group's policy is always to measure loss allowances for lease receivables as lifetime ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-Impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset, have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or

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- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments, that are financial assets measured at amortised cost or FVTOCI, are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that, as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly, and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment, including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop, if amounts are overdue for 90 days or more.

Purchased or Originated Credit-Impaired (POCI) Financial Assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the Statement of Profit and Loss. A favourable change for such assets creates an impairment gain.

Definition of Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD), which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Group; or
- The borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of asset, for example, in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal (NCLT), which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis. The Group uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments, unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Significant Increase in Credit Risk

The Group monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

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Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows, immediately, but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where, although, the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms, in most of the cases, include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- change in currency or change of counterparty,
- the extent of change in interest rates, maturity, covenants, and
- if these do not clearly indicate a substantial modification, then;

A. In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL, except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default, which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

B. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL, when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset

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and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part, that is no longer recognised, and the sum of the consideration received for the part no longer recognised; and any cumulative gain/loss allocated to it, that had been recognised in OCI, is recognised in the Statement of Profit and Loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write Off

Loans and debt securities are written off, when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of Allowance for ECL in the Balance Sheet

Loss allowances for ECL are presented in the Balance Sheet as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the Balance Sheet as the carrying amount is at fair value.
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments, issued by the Group, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified, at initial recognition:

- At fair value through profit or loss,
- Loans and borrowings,
- Payables, or
- As derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables are recognised net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurements

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category

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also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs, because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Derivatives and Hedging Activities

Derivatives are only used for economic hedging purposes and not as a speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes, and are accounted for at FVTPL. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

a. Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value changes),

b. Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or

c. Hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether the changes in the cash flows of the hedging instrument, are expected to offset changes in cash flows of hedged items. The Group documents its risk management objective before undertaking hedge transactions.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within Other Income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. The gain or loss, relating to the effective portion of the interest rate swaps hedging variable rate borrowings, is recognised in profit or loss within 'finance cost', at the same time, as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging, that were reported in equity, are immediately reclassified to profit or loss within other gains/(losses).

Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required

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by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value, if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss, unless designated as effective hedging instruments.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Fair Value Measurements

The Group measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. In the principal market for the asset or liability, or

b. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs, and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input, that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement, as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurements, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, including fixed deposit with original maturity

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period of three months or less and short-term highly liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

2.8 Property, Plant and Equipment (PPE) and Depreciation

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Group in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Depreciation on PPE 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 PPE.

A. Assets where useful life differs from Schedule II:

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Buildings/Investment Property	30 Years	60 Years
Office Electronic Equipment	5 Years	4 Years
Office Computers (end-user devices desktop, laptops)	3 Years	3 Years to 5 Years
Servers	6 Years	3 Years to 5 Years
Vehicles	8-10 Years	4 Years to 5 Years
Furniture & Fixtures and Other Office Equipment	10 Years	2 Years to 10 Years

Useful life of assets different from the corresponding life specified in Schedule II has been estimated by the Management supported by technical assessments.

The estimated useful lives and residual values of the PPE are reviewed at the end of each financial year.

B. Leasehold Assets:

Asset	Estimated Useful Life
Leasehold Improvements	Period of Lease

Property, plant and equipment, individually costing less than Rupees five thousand, are fully depreciated in the year of purchase.

Depreciation on the property, plant and equipment added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarded.

Gains or losses arising from the retirement or disposal of Property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

2.9 Intangible Assets Acquired Separately and Amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify

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the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets and their useful lives are as under:

Asset	Estimated Useful Life
Brands/Trademarks	5 to10 Years
Computer Software	2 to 6 Years
Exclusive Images	3 Years

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.10 Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication then the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Product Classification of Insurance Business

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, if the benefit payable on death is higher by at least 5% of the fund value at any time during the term of the contract for unit-linked products or the benefit payable on death is higher by at least 5% of the premium at any time during the term of the contract for other than unit-linked products. Investment contracts are those contracts which are not Insurance Contracts.

2.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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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 assets acquired under finance lease are capitalised 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. Lease management fees, lease charges and other initial direct costs are capitalised.

Operating Lease

As a Lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

a. The contract involves the use of an identified asset,

b. The Group has substantially all of the economic benefits from use of the asset through the period of the lease, and

c. The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The Right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right-of-use assets are evaluated for recoverability, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash-Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset, if the Group changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

As a Lessor

Leases, for which the Group is a lessor, is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

2.13 Employee Benefits

Short-Term Employee Benefits

Liabilities for salaries and wages, including non-monetary benefits and accumulating leave balance in respect of employees' services up to the end of the reporting period, are recognised as liabilities (and expensed), and are measured at the amounts expected to be paid when the liabilities are settled.

The Group also recognises a liability and records an expense for bonuses (including performance-linked

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bonuses) where contractually obliged, or where there is a past practice that has created a constructive obligation.

The obligations are presented as a part of "Other Financial Liabilities" or "Provisions" in the Balance Sheet.

Defined Contribution Plans

The Group makes defined contributions to employee provident fund and employee pension schemes, administered by government organisations set up under the applicable statute and those administered by a trust set up by Grasim Industries Limited (the "Holding Company") and superannuation schemes administered by a trust set up by the Holding Company. The Group has no further payment obligations once the contributions have been paid except to contribute additionally any shortfall in the annual yield on the plan assets as compared to the annual return on such accumulated prescribed by the Central Government (there were no such additional contributions due from the Group as of 31st March 2021, 31st March 2020). The contributions are recognised as a part of "Employee Benefits Expenses" in the period in which the employee renders services, against which such contributions are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The liabilities are presented within "Other Financial Liabilities" or, as the case may be, within "Provisions" in the Balance Sheet.

Defined Benefit Plans (Gratuity Obligation)

The obligation in respect of defined benefit plans, which covers Gratuity, which is provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved trust.

In respect of Gratuity being post-retirement benefits, re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Statement of Profit and Loss, except with respect to life insurance business which relates to restricted life insurance fund relating to Revenue Account of Life Insurance Policyholders, the same has been transferred under "Policyholders' Liabilities (Life Insurance Contract Liabilities and Restricted Surplus)" in the Balance Sheet, and the same will not be reclassified to revenue account of insurance business.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- Net interest expense or income.

The Group presents the above components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation, recognised in the Balance Sheet, represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

The expected costs of other long-term employee benefits, such as long-term service incentive plan benefits (not being share-based payments) are accrued over the period of employment using the same accounting methodology, as used for defined benefit plans. Re-measurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Profit and Loss in the period in which they arise. The obligations are presented as a part of "Provisions" in the Balance Sheet.

2.14 Employee Share-Based Payments

Equity-Settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black–Scholes Model.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's

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estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within equity.

2.15 Foreign Currency Transactions

In preparing the financial statements of the Group, transactions in foreign currencies, other than the Group's functional currency, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which these arise, except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences relating to qualifying effective cash flow hedges; and
- Exchange difference arising on re-statement of long-term monetary items that in substance forms part of the Group's net investment in foreign operations, is accumulated in Foreign Currency Translation Reserve (component of OCI), until the disposal of the investment, at which time, such exchange difference is recognised in the Statement of Profit and Loss.

2.16 Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupee at the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of the transaction. Exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI, is re-classified to the Statement of Profit and Loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary, but retains control, then the relevant proportion of the cumulative amount of foreign exchange differences is re-allocated to NCI. When the Group disposes of only a part of its interest in an Associate or a Joint Venture, while retaining significant influence or joint control, the relevant proportion of the cumulative amount of foreign exchange differences is re-classified to the Statement of Profit and Loss.

2.17 Revenue Recognition

Interest Income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

Dividend Income

Dividend income (including from FVTOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

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Insurance Companies

A. Life Insurance Business

Premium Income of Insurance Business

Premium income on Insurance contracts and Investment contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policyholders. For unit-linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. In case of linked business, top up premium paid by policyholders are considered as single premium, and are unitised as prescribed by the Insurance Regulatory and Development Authority of India Financial Statements Regulations. This premium is recognised when the associated units are created.

Fees and Commission Income of Insurance Business

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Reinsurance Premium

Reinsurance premium ceded is accounted for at the time of recognition of the premium income, in accordance with the terms and conditions of the relevant treaties with the reinsurers. Impact on account of subsequent revisions to or cancellations of premium is recognised in the year in which they occur.

B. Health Insurance Business:

Gross Premium

Premium (net of service tax) in respect of insurance contracts is recognised as income over the contract period or the period of risk, whichever is appropriate, after adjusting for reserve for unexpired risk. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

Reinsurance Premium

Premium (net of service tax) in respect of insurance contracts is recognised as income over the contract period or the period of risk, whichever is appropriate, after adjusting for reserve for unexpired risk. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

Income from items other than to which Ind AS 109Financial Instruments and Ind AS 104 Insurance Contracts are applicable.

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods or services to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Brokerage Fee Income

Revenue recognition for brokerage fees can be divided into the following two categories:

Brokerage Fees – Over Time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised over the term of the contract.

Brokerage Fees – Point in Time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

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2.18 Benefits Paid (including Claims) Pertaining to Insurance Business

Claims and Benefits Paid for Life Insurance Business

Gross benefits and claims for life insurance contracts and for investment contracts with Discretionary Participation Features (DPF) include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts, as well as changes in the gross valuation of insurance and investment contract liabilities with DPF.

Death and other claims are accounted for, when notified. Survival and maturity benefits are accounted when due. Surrenders/Withdrawals under linked policies are accounted in the respective schemes when the associated units are cancelled. Repudiated claims disputed before judicial authorities are provided for based on the Management prudence considering the facts and evidences available in respect of such claims.

Gross Claims Incurred for Health Insurance Business

Claims incurred comprise of claims paid, change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR), and claims incurred but not enough reported (IBNER) and specific settlement costs comprising legal and investigation fees and other directly attributable expenses.

The provision is made for estimated value of outstanding claims at the Balance Sheet date on the basis of the ultimate amounts that are likely to be paid on each claim, established by the Management in light of past experience, and progressively modified for changes, as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR), and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data, as well as appropriateness of the different methods to the different lines of businesses.

Reinsurance Claims

Reinsurance claims are recognised when the related gross insurance claim is recognised, according to the terms of the relevant contract.

2.19 Acquisition Costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts. Acquisition costs mainly consist of commission, medical costs, policy printing expenses, stamp duty and other related expenses. These costs are expensed in the year in which they are incurred. Clawback of the first year commission paid, if any, in future is accounted in the year in which it is recovered.

2.20 Policy Liabilities

Insurance Contracts

The policy liabilities are calculated in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), notified by the Insurance Regulatory and Development Authority of India and Practice Standards prescribed by the Institute of Actuaries of India.

Investment Contracts

Liability in respect on Investment Contracts is recognised in accordance with Ind AS, taking into account accepted actuarial practices.

2.21 Deferred Acquisition Costs (DAC)/Deferment Origination Fees (DOF)

The Group has identified Commission, Rewards and Recognition paid to its agents pertaining to 1st year as acquisition costs. Such acquisition costs are amortised over the period of the policy contract.

The Origination fees for Investment Contracts, being premium allocation charges pertaining to the 1st, 2nd and 3rd year has been deferred over the period of the policy contract, and since the adjustment relates to restricted life insurance fund relating to Revenue Account of Life Insurance Policyholders, the same has been transferred under "Policyholders' Liabilities (Life Insurance Contract Liabilities and Restricted Surplus)" in the Balance Sheet.

Acquisition cost and origination fees is deferred only for Investment Contracts.

2.22 Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under reinsurance contract, has been recognised on the basis of actuarial valuation.

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2.23 Provision for Current and Deferred Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the Indian Income-tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Where the Group controls the dividend policies of subsidiaries, and the Management is satisfied that they are expecting to distribute profit in the foreseeable future from the subsidiaries, the Group accounts the deferred tax liability based on the dividend policy/past trends, etc. Where the Group does not control the dividend policies of Joint Venture/Associate and the Management is satisfied that they are expecting to receive dividend in the foreseeable future, the Group accounts the deferred tax liability on the undistributed profits.

2.24 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and is recognised.

2.25 Segment Reporting

Identification of Segments

Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, and is measured consistently with profit or loss of the Group.

Operating Segment is identified based on the nature of products and services, the different risks and returns, and the internal business reporting system.

Segment Policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group, as a whole.

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

Unallocated Corporate Items include general corporate income and expenses, which are not attributable to segments.

2.26 Earnings Per Share (EPS)

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 the 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.

2.27 Statement of Cash Flows

The Statement of Cash Flows are reported using the indirect method, whereby the net 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 Statement of Cash Flows from operating, investing and financing activities of the Group are segregated.

2.28 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS requires judgements, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates is recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Judgements

Aditya Birla Capital Limited holds either directly or through its subsidiary, more than half of the equity shareholding in the following entities. However, as per the shareholders' agreement, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities. Hence, the same are being accounted as per equity method of accounting.

a. Aditya Birla Sun Life AMC Limited

b. Aditya Birla Sun Life Trustee Private Limited

c. Aditya Birla Wellness Private Limited

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful Lives of Property, Plant and Equipment

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the Management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

Measurement of Defined Benefits Obligations

The cost of the defined benefits gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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Recognition of Deferred Tax Assets
Availability of future taxable profit against which the tax losses carried forward can be used.

Recognition and Measurement of Provisions and Contingencies
Key assumptions about the likelihood and magnitude of an outflow of resources.

Fair Value Measurement of Financial Instruments
When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgement includes consideration of input such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Share-Based Payments
The Group measures the cost of equity-settled transactions with employees using Black–Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Impairment of Financial Assets
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their inter-dependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a. The Group's internal credit grading model, which assigns PDs to the individual grades.

b. The Group's criteria for assessing, if there has been a significant increase in credit risk and so allowances for financial assets, should be measured on a LTECL basis and the qualitative assessment.

c. The segmentation of financial assets when their ECL is assessed on a collective basis.

d. Development of ECL models, including the various formulas and the choice of inputs.

e. Determination of associations between macro-economic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

f. Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust, when necessary.

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Annexure 'A' to Note: 1 "General Information and Basis of Preparation"

Particulars	Country of Incorporation	Principal Business Activity	Proportion of Ownership Interest as on 31st March 2021	Proportion of Ownership Interest as on 31st March 2020
SUBSIDIARIES				
Aditya Birla PE Advisors Private Limited (ABPEAPL)	India	Private Equity Investment, Advisory & Management Services	100.00%	100.00%
Aditya Birla Capital Technology Services Limited (ABCTSL) (Formerly known as Aditya Birla MyUniverse Limited)	India	Financial & IT - Enabled Services	100.00%	100.00%
Aditya Birla Trustee Company Private Limited (ABTCPL)	India	Trustee of Private Equity Fund	100.00%	100.00%
ABCAP Trustee Company Private Limited (ABCTPL)	India	Not Applicable	100.00%	100.00%
Aditya Birla Money Limited (ABML)	India	Stock Broking, Depository Services, Portfolio Management Services	73.80%	73.80%
Aditya Birla Financial Shared Services Limited (ABFSSL)	India	Other Business Support Services	100.00%	100.00%
Aditya Birla Finance Limited (ABFL)	India	NBFC/Fund-Based Lending	100.00%	100.00%
Aditya Birla Housing Finance Limited (ABHFL)	India	Housing Finance	100.00%	100.00%
Aditya Birla Health Insurance Co. Limited (ABHICL)	India	Health Insurance	51.00%	51.00%
Aditya Birla Sun Life Insurance Company Limited (ABSLI)	India	Life Insurance	51.00%	51.00%
Aditya Birla Sun Life Pension Management Limited (ABSPM) (100% Subsidiary of Aditya Birla Sun Life Insurance Company Limited	India	Pension Fund Management and Point of Presence	51.00%	51.00%
Aditya Birla Insurance Brokers Limited (ABIBL)	India	Insurance Broking and Risk Advisory Services	50.01%	50.01%
Aditya Birla Money Mart Limited (ABMML)	India	Value Added Services and Investments	100.00%	100.00%
Aditya Birla Money Insurance Advisory Services Limited (ABMIASL) (100% Subsidiary of ABMML)	India	Insurance Corporate Agent	100.00%	100.00%
Aditya Birla ARC Limited (ABARC)	India	Asset Reconstruction Company	100.00%	100.00%
Aditya Birla Stressed Asset AMC Private Limited (ABSAAMC)	India	Fund Management	100.00%	100.00%
ABARC-AST-001-Trust	India	Asset Reconstruction Company	100.00%	100.00%
ABARC-AST-008-Trust	India	Asset Reconstruction Company	100.00%	NA
Aditya Birla Special Situation Fund – 1 (ABSSF)	India	Alternate Investment Fund	100.00%	100.00%
ABCSL – Employee Welfare Trust (Upto 10th November 2020)	India	Trustee of Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	-	100.00%
JOINT VENTURES				
Aditya Birla Sun Life Trustee Private Limited (ABSTPL)	India	Trustee of Aditya Birla Sun Life Mutual Fund	50.85%	50.85%
Aditya Birla Wellness Private Limited (ABWPL)	India	Providing and Servicing Incentivised Wellness and Related Programmes	51.00%	51.00%
Aditya Birla Sun Life AMC Limited (ABSAMC)	India	Asset Management and Advisory	51.00%	51.00%
Aditya Birla Sun Life AMC (Mauritius) Ltd. (100% Subsidiary of ABSAMC)	Mauritius	Asset Management	51.00%	51.00%
Aditya Birla Sun Life AMC Ltd., Dubai (100% Subsidiary of ABSAMC)	Dubai	Arranging Deals in Investments and Advising on Financial Product	51.00%	51.00%
Aditya Birla Sun Life AMC Pte. Ltd., Singapore (100% Subsidiary of ABSAMC)	Singapore	Asset Management	51.00%	51.00%

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 3 CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Cash on Hand	3.03	5.70
Balances with Banks		
Current Accounts	1,967.75	2,038.00
Deposit Accounts (with original maturity period of 3 months or less)	326.20	764.28
Cheques/Drafts on Hand and in Transit	58.76	7.07
	2,355.74	**2,815.05**

NOTE: 4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Fixed Deposit Accounts (with original maturity period of more than 3 months) *	451.41	301.82
Others		
Money Due for Refund on Fractional Shares	0.26	0.26
	451.67	**302.08**
* Fixed Deposits include:		
Lien marked in favour of Insurance Regulatory Development Authority of India (IRDAI)	1.50	1.41
Margins with Exchange	311.65	193.09
Towards Issue of Bank Guarantees	60.34	34.60

NOTE: 5 DERIVATIVE FINANCIAL INSTRUMENTS - ASSETS AND LIABILITIES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Derivative Financial Instruments - Assets		
(Carried at Fair Value through Profit or Loss)		
Derivatives	23.77	72.19
	23.77	**72.19**
Derivative Financial Instruments - Liabilities		
(Carried at Fair Value through Profit or Loss)		
Derivatives	33.71	-
	33.71	**-**

NOTE: 6 TRADE RECEIVABLES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Secured, Considered Good	154.12	64.80
Unsecured, Considered Good	292.49	408.88
Less: Impairment Loss Allowances	(0.62)	(0.56)
Unsecured, Considered Doubtful	9.72	10.89
Less: Impairment Loss Allowances	(9.72)	(10.89)
	445.99	**473.12**

Trade Receivables include pass through amounts representing dues from clients and exchange towards transactions not fully settled as at the reporting date of Stock and Securities Broking Business.

Trade Receivables include amount receivable from customers pertaining to amount funded to them for settlement of trade as part of normal business activity of Stock and Securities Broking Business.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 7 LOANS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
(Unsecured, except otherwise stated)		
(Carried at Amortised Cost)		
Loans and Advances of Financing Activities		
Secured		
Secured by Tangible Assets	47,704.60	45,808.13
Covered by Bank/Government Guarantees	1,434.40	1,817.85
Secured by Book Debts, Inventories, Fixed Deposits and Other Working Capital Items	2,510.39	3,424.58
Unsecured	8,992.97	8,034.97
Less: Impairment Loss Allowances	(1,208.21)	(988.01)
Inter-Corporate Deposits	18.00	18.00
Loans against Insurance Policies	214.95	166.29
Others	59.44	75.76
Less: Impairment Loss Allowances	(0.93)	(2.21)
	59,725.61	**58,355.36**

Public Sector	475.30	544.29
Others	60,459.45	58,801.29
Gross (A)	**60,934.75**	**59,345.58**
Less: Impairment Loss Allowances (B)	(1,209.14)	(990.22)
Net (A) - (B)	**59,725.61**	**58,355.36**

NOTE: 8A INVESTMENTS OF LIFE INSURANCE POLICYHOLDERS'

₹ crore

Particulars	As at 31st March 2021		As at 31st March 2020	
A. Carried at Amortised Cost				
Quoted				
Investments in Government or Trust Securities		8,972.89		6,805.54
Investments in Debentures	5,645.48		3,953.29	
Less: Impairment Loss Allowances for Investments in Debentures	(3.52)	5,641.96	(3.11)	3,950.18
Unquoted				
Investments - Others		759.84		220.52
B. Carried at Fair Value through Other Comprehensive Income				
Quoted				
Investments in Government or Trust Securities		2,864.09		1,928.58
Investments in Debentures	3,285.49		2,519.23	
Less: Impairment Loss Allowances for Investments in Debentures	(2.29)	3,283.20	(2.39)	2,516.84
Investments - Others	391.93		147.96	
Less: Impairment Loss Allowances for Other Investments	(0.06)	391.87	-	147.96
Unquoted				
Investments - Others		6.29		1.43
C. Carried at Fair Value through Profit or Loss				
Quoted				
Investments in Mutual Funds		1.51		176.55
Investments in Equity Instruments		970.08		805.41
Unquoted				
Investments in Equity Instruments		119.29		116.25
		23,011.02		**16,669.26**

Investments outside India	-	-
Investments in India	23,011.02	16,669.26

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 8B INVESTMENTS OF LIFE INSURANCE SHAREHOLDERS'

₹ crore

Particulars		As at 31st March 2021		As at 31st March 2020
A. Carried at Fair Value through Other Comprehensive Income				
Quoted				
Investments in Government or Trust Securities		789.84		758.60
Investments in Debentures	1,389.27		1,325.93	
Less: Impairment Loss Allowances for Investments in Debentures	(2.39)	1,386.88	(2.49)	1,323.45
Investments in Equity Instruments		105.24		43.32
Investments - Others	-		48.96	
Less: Impairment Loss Allowances on Investments in Others	-	-	(0.01)	48.95
Unquoted				
Investments in Equity Instruments		0.79		0.77
Investments - Others	185.30		9.65	
Less: Impairment Loss Allowances on Investments in Others	(0.01)	185.29	-	9.65
B. Carried at Fair Value through Profit or Loss				
Quoted				
Investments in Debentures/Bonds		25.97		26.19
Investments in Mutual Funds		-		50.18
Investments in Equity Instruments		103.61		198.24
Unquoted				
Investments in Mutual Funds		1.19		0.06
		2,598.81		**2,459.41**
Investments outside India		-		-
Investments in India		2,598.81		2,459.41

NOTE: 9A INVESTMENTS OF HEALTH INSURANCE POLICYHOLDERS'

₹ crore

Particulars		As at 31st March 2021		As at 31st March 2020
A. Carried at Amortised Cost				
Unquoted				
Investments in Fixed Deposits		-		8.31
B. Carried at Fair Value through Other Comprehensive Income				
Quoted				
Investments in Government or Trust Securities		639.70		274.00
Investments in Debentures/Bonds	234.98		293.97	
Less: Impairment Loss Allowances for Investments in Debentures/ Bonds	(11.21)	223.77	(5.00)	288.97
C. Carried at Fair Value through Profit or Loss				
Quoted				
Investments in Mutual Funds		100.09		57.03
		963.56		**628.31**
Investments outside India		-		-
Investments in India		963.56		628.31

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 9B INVESTMENTS OF HEALTH INSURANCE SHAREHOLDERS'

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
A. Carried at Fair Value through Other Comprehensive Income		
Quoted		
Investments in Government or Trust Securities	271.61	203.65
Investments in Debentures/Bonds	32.99	27.05
B. Carried at Fair Value through Profit or Loss		
Quoted		
Investments in Mutual Funds	-	10.19
	304.60	**240.89**
Investments outside India	-	-
Investments in India	304.60	240.89

NOTE: 10 OTHER INVESTMENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
A. Carried at Fair Value through Other Comprehensive Income		
Equity Instruments	2.11	1.76
B. Carried at Fair Value through Profit or Loss		
Equity Instruments	0.37	0.25
Government Securities	154.21	-
Debentures/Bonds	876.61	604.43
Mutual Funds	450.05	3,505.39
Others:		
Preference Shares	-	225.51
Investments in Security Receipts	425.57	476.94
Investments in Alternate Funds	67.13	92.14
	1,976.05	**4,906.42**
Investments outside India	-	-
Investments in India	1,976.05	4,906.42

NOTE: 11 ASSETS HELD TO COVER LINKED LIABILITIES OF LIFE INSURANCE BUSINESS

(Carried at Fair Value through Profit or Loss)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Quoted		
Mutual Funds	497.86	773.58
Equity Instruments	10,716.52	7,034.44
Government or Trust Securities	7,222.11	5,491.96
Debentures	7,590.61	7,285.04
Other Investments	1,801.30	2,008.49
Other Assets	120.60	123.26
Unquoted		
Other Investments	20.19	112.02
	27,969.19	**22,828.79**
Investments outside India	-	-
Investments in India	27,969.19	22,828.79

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 12 OTHER FINANCIAL ASSETS

(Carried at Amortised Cost, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Security Deposits		
Unsecured	95.00	109.22
Less: Impairment Loss Allowances	(0.02)	(0.20)
Reinsurance Assets	814.55	686.23
Unclaimed Fund of Policyholders	294.43	293.65
Other Receivables	79.95	60.96
	1,283.91	**1,149.86**

NOTE: 13 DEFERRED TAX ASSETS

₹ crore

Particulars	As on 31st March 2019	Movement P&L	Movement OCI	Movement Reserves	As on 31st March 2020	Movement P&L	Movement OCI	As on 31st March 2021
Expected Credit Loss Allowances	128.13	6.83	-	-	134.96	125.54	-	260.50
Employee Benefit Provisions and Other Provisions	96.08	28.05	4.38	-	128.51	(89.64)	2.81	41.68
Others (including impact of Ind AS 116)	(2.18)	4.38	2.46	3.45	8.11	(1.26)	0.57	7.42
Total	**222.03**	**39.26**	**6.84**	**3.45**	**271.58**	**34.64**	**3.38**	**309.60**

DEFERRED TAX LIABILITIES

Particulars	As on 31st March 2019	Movement P&L	Movement OCI	Movement Reserves	As on 31st March 2020	Movement P&L	Movement OCI	As on 31st March 2021
Deferred Tax on remeasurement of Gains/ (Losses) on Defined Benefit Plans and Others	-	1.45	-	-	1.45	(2.31)	-	(0.86)
Investment Property	3.04	(0.41)	-	-	2.63	(2.61)	-	0.02
Equity Shares of Subsidiary Company	100.61	(1.80)	-	-	98.81	0.01	-	98.82
Fair Value Changes of Investments	6.35	0.58	15.24	-	22.17	13.82	12.34	48.33
Deferred Tax on Undistributed Earnings	121.04	42.25	-	-	163.29	56.31	-	219.60
Others	-	-	-	-	-	(6.54)	-	(6.54)
Total	**231.04**	**42.07**	**15.24**	**-**	**288.35**	**58.68**	**12.34**	**359.37**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 14 INVESTMENT PROPERTY

₹ crore

Particulars	Amount
Gross Block	
As at 1st April 2019	16.87
As at 31st March 2020	16.87
As at 31st March 2021	**16.87**
Accumulated Depreciation	
As at 1st April 2019	0.76
For the Year	0.44
As at 31st March 2020	1.20
For the Year	0.43
As at 31st March 2021	**1.63**
Net Block as at 31st March 2020	**15.67**
Net Block as at 31st March 2021	**15.24**

NOTE: 15 PROPERTY, PLANT AND EQUIPMENT

₹ crore

Particulars	Freehold Land	Freehold Buildings	Leasehold Improvements	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	TOTAL
Gross Block								
As at 1st April 2019	0.15	2.76	28.05	19.83	105.62	21.46	33.41	211.28
Additions	-	-	3.93	4.10	16.86	2.47	10.58	37.94
Deletions	-	-	2.97	4.38	15.26	1.21	5.46	29.28
As at 31st March 2020	**0.15**	**2.76**	**29.01**	**19.54**	**107.22**	**22.72**	**38.53**	**219.94**
Additions	-	-	9.00	1.08	17.64	1.67	2.78	32.17
Deletions	-	-	2.92	1.01	3.82	1.60	4.42	13.77
As at 31st March 2021	**0.15**	**2.76**	**35.09**	**19.62**	**121.04**	**22.79**	**36.89**	**238.34**
Accumulated Depreciation								
As at 1st April 2019	-	0.10	10.39	10.14	37.34	7.08	10.30	75.36
For the Year	-	0.05	6.70	5.57	24.38	4.43	8.14	49.27
Deletions	-	-	2.14	4.58	15.00	1.00	3.11	25.83
As at 31st March 2020	**-**	**0.15**	**14.95**	**11.13**	**46.72**	**10.51**	**15.33**	**98.79**
For the Year	-	0.05	7.10	4.69	25.18	3.12	8.47	48.61
Deletions	-	-	2.70	0.97	3.63	1.20	2.77	11.27
As at 31st March 2021	**-**	**0.20**	**19.35**	**14.85**	**68.27**	**12.43**	**21.03**	**136.13**
Net Block as at 31st March 2020	**0.15**	**2.61**	**14.06**	**8.41**	**60.50**	**12.21**	**23.20**	**121.14**
Net Block as at 31st March 2021	**0.15**	**2.56**	**15.75**	**4.77**	**52.77**	**10.36**	**15.86**	**102.21**

A. Gross Block of Tangible Assets include Freehold Land, which the Company is in the process of getting registered in its name. It is currently under dispute, but the Management expects a favourable outcome in this matter.

B. Details of Tangible Assets capitalised under Finance Lease:

(i) Net Block of office equipment includes ₹ 0.70 Crore (Previous Year: ₹ 1.78 Crore) acquired under Finance Lease.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 16 GOODWILL

₹ crore

Particulars	Amount
As at 1st April 2019	**580.03**
Impairment of Goodwill	9.99
As at 31st March 2020	**570.04**
Impairment of Goodwill	-
As at 31st March 2021	**570.04**

Note:

a) Carrying Value of Goodwill pertaining to Life Insurance Business CGU as on 31st March 2021 is ₹ 306.68 Crore (31st March 2020 is ₹ 306.68 Crore). Recoverable amount for units is based on fair value less cost of disposal calculated based on comparable company multiple.

An analysis of the sensitivity of the computation to a change in key parameters (market multiples), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount

b) Carrying Value of Goodwill pertaining to Stock and Securities CGU as on 31st March 2021 is ₹ 183.64 Crore (31st March 2020 is ₹ 183.64 Crore).

Recoverable amount for units is based on discounted cash flow method under income approach.

An analysis of the sensitivity of the computation to a change in key parameters, based on reasonably probable assumptions, an impairment of ₹ 9.99 Crore has been provided for in the Previous Year ended 31st March 2020.

NOTE: 17 OTHER INTANGIBLE ASSETS

₹ crore

Particulars	Brands/ Trade Marks	Computer Software	Total
Gross Block			
As at 1st April 2019	0.19	275.68	275.87
Additions	-	72.99	72.99
Deletions	0.19	1.16	1.35
As at 31st March 2020	**-**	**347.51**	**347.51**
Additions	-	148.62	148.62
Deletions	-	0.90	0.90
As at 31st March 2021	**-**	**495.23**	**495.23**
Accumulated Amortisation			
As at 1st April 2019	0.19	115.72	115.91
For the Year	-	68.34	68.34
Deletions	0.19	2.29	2.48
As at 31st March 2020	**-**	**181.77**	**181.77**
For the Year	-	81.89	81.89
Deletions	-	0.00	0.00
As at 31st March 2021	**-**	**263.67**	**263.67**
Net Block as at 31st March 2020	**-**	**165.74**	**165.74**
Net Block as at 31st March 2021	**-**	**231.57**	**231.57**

All intangibles are other than internally generated.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 18 OTHER NON-FINANCIAL ASSETS

(Unsecured, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Capital Advances	1.63	7.85
VAT, Other Taxes Recoverable, Statutory Deposits and Dues from Government		
Considered Good	98.55	88.83
Considered Doubtful	1.20	1.15
Less: Impairment Loss Allowances	(1.20)	(1.15)
Advance for Expenses	13.92	18.47
Deferred Acquisition Costs	3.90	5.57
Prepaid Expenses	63.71	63.79
Gratuity Assets Receivables	122.33	94.70
Others	67.56	47.18
	371.60	**326.39**

NOTE: 19 TRADE PAYABLES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises (MSME)	16.34	6.99
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	703.81	540.18
	720.15	**547.17**

Note:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2021, and no interest payment made during the year to any Micro, Small and Medium Enterprises. (Previous Year: MSME/Interest: NIL), This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent, such parties has been identified on the basis of information available with the Company.

NOTE: 20 DEBT SECURITIES

(At Amortised Cost)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Secured		
Debentures	15,221.88	17,014.43
	15,221.88	**17,014.43**
Unsecured		
Debentures	58.21	-
Commercial Papers	3,621.24	3,249.97
	3,679.45	**3,249.97**
	18,901.33	**20,264.40**
Debt Securities:		
Outside India	-	-
In India	18,901.33	20,264.40

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 21 BORROWINGS (OTHER THAN DEBT SECURITIES)

(At Amortised Cost)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Secured		
Rupee Term Loans from Banks	27,542.30	30,395.76
Loans Repayable on Demand from Banks	3,519.64	2,585.89
Term Loans/Loans Repayable on Demand from Others	10.37	20.20
Finance Lease Liabilities (Refer Note No. 42)	-	0.03
	31,072.31	**33,001.88**
Unsecured		
Rupee Term Loans from Financial Institutions	25.32	18.54
Loans Repayable on Demand/Term Loans from Banks	34.00	9.88
	59.32	**28.42**
	31,131.63	**33,030.30**
Borrowings:		
Outside India	2,852.42	2,931.69
In India	28,279.21	30,098.61

NOTE: 22 SUBORDINATED LIABILITIES

(At Amortised Cost)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Preference Shares Issued by Subsidiary Companies	11.00	11.00
Subordinated Liabilities and Others	2,631.02	2,324.11
	2,642.02	**2,335.11**
Subordinated Liabilities		
Outside India	149.94	-
In India	2,492.08	2,335.11

₹ crore

Particulars		As at 31st March 2021	As at 31st March 2020
A	**Debt Securities**		
	Secured Debentures		
	Redeemable Non-Convertible Debentures are secured by way of mortgage on the immovable property and first pari-passu charge on certain Financial Assets of the respective subsidiaries:		
	The repayment terms and rate of interest of debentures are as under-		
	Repayment Terms: Maturing within 1 year, Rate of Interest 7.60% to 9.50% per annum	4,589.18	6,151.92
	Repayment Terms: Maturing between 1 and 3 years, Rate of Interest 5.75% to 9.50% per annum	6,227.37	6,188.12
	Repayment Terms: Maturing after 3 years, Rate of Interest 6.25% to 9.50% per annum	4,181.32	4,312.34
	Repayment linked to the receipt of distribution amount from redemption of Security Receipts (SR), against which the debentures are issued, Rate of Interest 11.50%	282.23	362.05
	Commercial Papers		
	Commercial Papers - Rate of Interest 3.70% to 9.30% per annum	3,621.23	3,249.97

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

	Particulars	As at 31st March 2021	As at 31st March 2020
B	**Borrowings (Other than Debt Securities)**		
	Secured Rupee Term Loans from Banks		
	The term loans from banks are secured by way of first pari passu charge on the receivables of the respective subsidiaries.		
	The repayment terms and rate of interest of term loans are as under-		
	Repayment Terms: Maturing within 1 year, Rate of Interest 5.00% to 7.70% per annum	6,739.80	4,330.84
	Repayment Terms: Maturing between 1 to 3 years, Rate of Interest 4.88% to 7.75% per annum	15,983.97	17,502.56
	Repayment Terms: Maturing after 3 years, Rate of Interest 5.15% to 8.75% per annum	5,760.71	8,549.50
	Secured Loans Repayable on Demand		
	Cash Credit secured by way of first pari-passu charge on the receivables of the respective subsidiaries	13.02	440.59
	Working Capital Demand Loans secured by way of first pari-passu charge on receivables of the respective subsidiaries - Rate of Interest 4.50% to 7.30% per annum	1,035.12	2,087.23
	Overdraft on account of cheques issued but not presented as on the Balance Sheet date are backed by cash credit facilities, which are secured by way of first pari-passu charge on the receivables of the respective subsidiaries. The repayment terms and rate of interest is same as applicable to cash credit facilities.	1,529.30	58.18
	Term Loans from Others		
	Repayment Terms: Between 1 - 16 Quarterly Instalments from 1st April 2019 till 1st January 2023, with interest ranging from 9.44% to 11.03% per annum	10.34	19.10
	Finance Lease Liabilities		
	Repayment Terms: Between 1 - 16 Quarterly Instalments from 1st April 2019 till 1st January 2023, with interest ranging from 8.41% to 13.33% per annum	0.03	1.13
	Unsecured Rupee Term Loans from Financial Institutions		
	Repayment Terms: Between 1 - 16 Quarterly Instalments from 1st April 2019 till 1st January 2023, with interest ranging from 10.50% to 11.03% per annum	25.32	31.29
	Unsecured Loans Repayable on Demand from Banks/Term Loans		
	Overdraft on account of cheques issued but not presented as on the Balance Sheet date are backed by cash credit facilities	-	9.88
	Unsecured Loans Repayable on Demand from Banks/Term Loans		
	Repayable anytime after 7 days from the date of disbursement with 2 days advance notice. Interest payable on maturity.	34.02	-
C	**Subordinated Liabilities**		
	The Repayment Terms and Rate of Interest of Sub-Debts are as under-		
	Subordinate Debts - Debentures 7.43% to 10.60% p.a. (Redeemable from February 2022 to June 2029)	2,631.02	2,324.11

NOTE: 23 POLICYHOLDERS' LIABILITIES (LIFE INSURANCE CONTRACT LIABILITIES AND RESTRICTED SURPLUS)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Insurance Contract Liabilities	36,871.88	29,150.56
Investment Contract Liabilities	14,383.02	11,471.84
Fair Value Changes of Policyholders' Investments		
Fair Value through Profit and Loss	173.70	(120.45)
Fair Value through Other Comprehensive Income	405.06	357.69

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Policyholders' Fund Other Changes		
Amortised Cost (Others)	(8.71)	(8.80)
Fair Value through Profit and Loss	13.55	29.05
Fair Value through Other Comprehensive Income	27.26	(5.97)
Incurred But Not Reported (IBNR) Provision	114.11	46.07
Unexpired Premium Reserve	495.61	344.10
Freelook Reserve (Net)	0.99	0.45
	52,476.47	**41,264.54**

NOTE: 24 OTHER FINANCIAL LIABILITIES

(Carried at Amortised Cost, except otherwise stated)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Payable for Capex Creditors	1.55	2.23
Margin Money from Customers	437.37	210.08
Deposits	6.72	6.00
Due to Life Insurance Policyholders'	672.84	668.59
Payable Related to Employees	210.21	200.22
Claims Outstanding of Health insurance Business	51.32	37.13
Others	297.71	102.75
	1,677.72	**1,227.00**

NOTE: 25 PROVISIONS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Provisions for Employee Benefits	279.59	261.00
Other Provisions*	4.29	-
	283.88	**261.00**

***Movement of Other Provisions**		
Balance at the beginning of the year	-	-
Add: Provision during the year	4.29	-
Balance at the end of the year	4.29	-

Nature of Provision:

The Provision is for anticipated liability which is made on the basis of management expectation as expected timing of any resulting outflow of economic benefits is uncertain.

NOTE: 26 OTHER NON-FINANCIAL LIABILITIES

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Income Received in Advance	132.28	129.08
Statutory Dues	140.20	94.22
Due to Other Health Insurance Companies	130.06	70.53
Others	34.64	19.31
	437.18	**313.14**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 27 SHARE CAPITAL

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Authorised:		
4,000,000,000 (Previous Year: 4,000,000,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
	4,000.00	**4,000.00**
Issued, Subscribed and Paid-up:		
EQUITY SHARE CAPITAL		
2,415,277,978 (Previous Year: 2,413,760,708) Equity Shares of ₹ 10/- each, fully paid-up	2,415.28	2,413.76
	2,415.28	**2,413.76**

1) Reconciliation of the number of Shares outstanding at the beginning and at the end of the year

₹ crore

Sr. No	Description	As at 31st March 2021	As at 31st March 2020
		Equity Shares	
1	Number of Shares Outstanding at the beginning of the Year	2,413,760,708	2,201,404,363
2	Allotment of fully paid-up Shares during the Year	1,517,270	212,356,345
	a) Preferential Allotment	-	210,000,000
	b) ABCL ESOP 2017 (Refer Note No. 47)	431,754	299,422
	c) Employee Stock Option Plan (Refer Note No. 46)	1,085,516	2,056,923
3	Number of Shares Outstanding at the end of the Year	2,415,277,978	2,413,760,708

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. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

3) Equity Shares in the Company held by each shareholder holding more than 5 per cent shares and the number of Equity Shares held are as under:

₹ crore

Sr. No.	Name of Shareholder	As at 31st March 2021		As at 31st March 2020	
		No. of Shares Held	% of Total Paid-up Equity Share Capital	No. of Shares Held	% of Total Paid-up Equity Share Capital
1	Grasim Industries Limited	1,309,240,000	54.21%	1,309,240,000	54.24%
2	Birla Group Holdings Private Limited	175,006,156	7.25%	175,006,156	7.25%

4) During the last five years there were no Bonus Shares issued.

5) The Shares reserved for issue under Employee Stock Option Plan (ESOP) of the Company (Refer Note No. 46).

Notes

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NOTE: 28 OTHER EQUITY

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
1) Special Reserve [(a)]		
Special Reserve u/s 45-IC of the Reserve Bank of India Act, 1934		
Opening Balance	829.76	659.68
Addition:		
Transfer from Surplus in the Statement of Profit and Loss	168.42	170.09
	998.18	**829.76**
Special Reserve u/s 29C of National Housing Bank Act, 1987		
Opening Balance	3.29	0.80
Addition:		
Transfer from Surplus in the Statement of Profit and Loss	-	2.49
	3.29	**3.29**
Reserve u/s 36(1)(viii) of the Income-tax Act, 1961		
Opening Balance	38.69	20.65
Addition:		
Transfer from Surplus in the Statement of Profit and Loss	29.22	18.04
	67.91	**38.69**
	1,069.38	**871.74**
2) Capital Reserve	**48.40**	**48.40**
3) Securities Premium Reserve [(b)]		
Opening Balance	6,059.39	4,144.28
Addition during the Year	17.09	1,918.09
Less: Share Issue Expenses	-	(2.98)
	6,076.48	**6,059.39**
4) Capital Fund	**0.01**	**0.01**
5) Debenture Redemption Reserve		
Opening Balance	-	-
Addition:		
Transfer from Surplus in Profit and Loss	7.65	-
	7.65	**-**
6) Share Option Outstanding Account		
Opening Balance	174.79	175.02
Addition:		
Charges for the Period	18.31	33.02
Deduction:		
Transfer to General Reserve on account of lapse of vested options	(1.96)	(5.16)
Transfer to Securities Premium on exercise of options	(17.09)	(28.09)
Others	(0.23)	-
	173.82	**174.79**
7) Surplus in Profit and Loss Account		
Opening Balance	2,939.77	2,250.06
Addition:		
Profit for the Year	1,126.54	919.78
Other Comprehensive Income/(Loss) for the Year arising from remeasurement gains/(loss) on Defined Benefit Plans	6.12	(4.65)
Reclassification of Gain/Loss on Sale of FVTOCI Instruments	-	(18.72)
Share of Joint Ventures in Other Comprehensive Income	0.66	(1.19)
Others including Subvention Money Received	0.05	0.56
Impact due to Ind AS 116	-	(13.48)

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Deduction:		
Transfer to General Reserve	(7.88)	(1.98)
Transfer to Special Reserve	(197.64)	(190.61)
Transfer to Debenture Redemption Reserve	(15.00)	-
	3,852.62	**2,939.77**
8) General Reserve[c]		
Opening Balance	19.71	12.57
Addition:		
Transfer to Surplus in Profit and Loss	7.88	1.98
Transfer from Share Option Outstanding Account on account of lapse of vested options	1.96	5.16
	29.55	**19.71**
9) Fair Value through Other Comprehensive Income[d]		
Opening Balance	44.10	(3.58)
Addition:		
- Reclassification of Gain/Loss on Sale of FVTOCI Equity Instruments	-	18.72
- Fair Value Gain/(Loss) on Fair Value through Other Comprehensive Income (FVTOCI) Financial Assets and Cash Flow Hedges	19.69	28.96
	63.79	**44.10**
10) Foreign Currency Translation Reserve		
Opening Balance	4.12	3.06
Addition during the Year	0.10	1.06
	4.22	**4.12**
11) Share Application Money Pending Allotment		
Opening Balance	-	-
Addition during the Year	1.38	-
	1.38	-
Total Other Equity	**11,327.31**	**10,162.03**

(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. As per Section 29C(i) of the National Housing Bank Act, 1987, the Housing Finance subsidiary of the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer.

(b) Securities Premium Reserve

Securities Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(c) General Reserve

General Reserve is created by appropriation from profits of the current year and/or undistributed profits of previous years. There is no policy for regular transfer. As the general reserve is created by a transfer from one component of equity to another, and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Fair Value through Other Comprehensive Income - Reserve

This reserve represents the cumulative gains and losses arising on the revaluation of equity and debt instruments measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised/disposed off. In case of debt instruments, the same is reclassified to profit and loss.

Notes

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NOTE: 29 INTEREST INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest on Loans		
On Financial Assets Measured at Amortised Cost	6,446.76	6,890.18
Interest Income from Investments		
On Financial Assets Measured at Fair Value through OCI	186.86	171.87
On Financial Assets Measured at Amortised Cost	14.16	28.44
On Financial Assets Classified at Fair Value through Profit or Loss	91.73	112.52
Interest on Deposits with Banks		
On Financial Assets Measured at Amortised Cost	28.23	26.13
	6,767.74	**7,229.14**

NOTE: 30 DIVIDEND INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
On Financial Assets Classified at Fair Value through Profit or Loss	2.85	19.38
	2.85	**19.38**

NOTE: 31 NET GAIN ON FAIR VALUE CHANGES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Net Gain/(Loss) on Financial Instruments at Fair Value through Profit or Loss		
On Trading Portfolio		
Equity Investments at FVTPL	74.89	43.42
Debt Instruments at FVTPL	79.99	174.33
Net Gain/(Loss) on Financial Instruments at Fair Value through OCI		
Debt Instrument at FVTOCI	1.80	5.97
Others		
Gain/(Loss) on Sale of FVTOCI Debt Instruments	2.95	2.40
	159.63	**226.12**
Fair Value Changes		
Realised	119.60	222.55
Unrealised	40.03	3.57
	159.63	**226.12**

NOTE: 32 OTHER INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest Income on Financial Assets Held at Amortised Cost	11.93	5.23
Profit on Sale of Property, Plant and Equipment	0.14	0.38
Miscellaneous Income (Net)	13.92	12.51
	25.99	**18.12**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 33 FINANCE COST

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest on Fair Value Measured at Amortised Cost		
Debt Securities	1,425.74	1,997.64
Borrowings other than Debt Securities	2,276.90	2,440.40
Subordinated Liabilities	187.21	174.99
Other Borrowing Costs	12.23	9.42
Finance Cost - Lease Liabilities (Refer Note No. 42)	13.68	11.36
	3,915.76	**4,633.81**

NOTE: 34 IMPAIRMENT ON FINANCIAL INSTRUMENTS

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
On Loans Held at Amortised Cost	770.82	776.27
On Trade Receivables	1.12	1.78
	771.94	**778.05**

NOTE: 35 EMPLOYEE BENEFITS EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Salaries and Wages	705.69	649.88
Contribution to Provident and Other Funds (Refer Note No. 45)	26.80	25.26
Contribution to Gratuity Funds (Refer Note No. 45)	12.03	8.82
Expenses on Employee Stock Options Scheme (Refer Note No. 46)*	5.67	5.96
Staff Welfare Expenses	7.83	15.54
	758.02	**705.46**
* ESOP charges are net of recovery of ESOP Expense from Joint Venture Companies.	3.88	10.72

NOTE: 36 DEPRECIATION AND AMORTISATION EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Depreciation of Property, Plant and Equipment	29.24	30.00
Depreciation on Investment Property	0.43	0.43
Amortisation of Intangible Assets	37.82	33.71
Amortisation of Lease Assets (Refer Note No. 42)	46.96	38.42
	114.45	**102.56**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 37 OTHER EXPENSES

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rent	16.62	21.75
Repairs and Maintenance - Buildings	0.67	0.77
Repairs and Maintenance - Others	52.97	40.93
Insurance	28.47	10.14
Rates and Taxes	3.48	5.68
Advertisement and Sales Promotion Expenses	20.58	42.85
Legal and Professional Expenses	124.61	116.85
Travelling and Conveyance	14.39	28.82
Printing and Stationery	3.19	6.51
Communication Expenses	12.32	11.36
Electricity Charges	6.18	6.85
Information Technology Expenses	24.21	20.34
Miscellaneous Expenses	94.53	89.29
	402.22	**402.14**

NOTE: 38 OTHER COMPREHENSIVE INCOME

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
A Relating to Revenue Account of Life Insurance Policyholders'		
(i) Items that will not be reclassified to Profit or Loss		
Remeasurement of Post-Employment Benefit Obligations	(1.44)	(6.53)
	(1.44)	**(6.53)**
Transferred to Policyholders' Fund in the Balance Sheet	1.44	6.53
	-	-
(ii) Items that will be reclassified to Profit or Loss		
Changes in Fair Values of FVTOCI Debt Instruments	12.08	225.01
Cash Flow Hedge	35.30	39.37
	47.38	**264.38**
Transferred to Policyholders' Fund in the Balance Sheet	(47.38)	(264.38)
	-	-
B Relating to Revenue Account of Health Insurance Policyholders		
(i) Items that will not be reclassified to Profit or Loss		
Remeasurement of Post-Employment Benefit Obligations	1.46	1.24
	1.46	**1.24**
(ii) Items that will be reclassified to Profit or Loss		
Changes in Fair Values of FVTOCI Debt Instruments	(5.71)	8.15
	(5.71)	**8.15**
C Relating to Others		
(i) Items that will not be reclassified to Profit or Loss		
Remeasurement of Post-Employment Benefit Obligations	7.53	(7.46)
Changes in Fair Value of FVTOCI Equity Instruments	62.30	(7.69)
Share of Other Comprehensive Income of Associate and Joint Venture Companies Accounted for using Equity Method of Accounting	0.67	(1.19)
	70.50	**(16.34)**

Notes

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₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Income Tax relating to items that will not be reclassified to Profit or Loss		
Income Tax Relating to Remeasurement of Post-Employment Benefit Obligations	(1.83)	1.73
Income Tax Relating to Changes in Fair Values of FVTOCI Equity Instruments	(9.11)	1.14
	(10.94)	**2.87**
(ii) Items that will be reclassified to Profit or Loss		
Changes in Fair Values of FVTOCI Debt Instruments	22.43	113.65
Cash Flow Hedge	(19.17)	(26.28)
Share of Other Comprehensive Income of Associates and Joint Venture Companies Accounted for using Equity Method of Accounting	0.10	1.07
	3.36	**88.44**
Income Tax relating to items that will be reclassified to Profit or Loss		
Income Tax Effect - Net Movement on FVTOCI Debt Instruments	(3.30)	(16.34)
Income Tax Effect - Net Movement on Cash Flow Hedge	4.82	6.61
	1.52	**(9.73)**
Other Comprehensive Income	**60.19**	**74.63**

NOTE: 39 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 - EARNINGS PER SHARE

₹ crore

Particulars		Year Ended 31st March 2021	Year Ended 31st March 2020
Earnings Per Share (EPS) is calculated as under:			
Weighted-Average Number of Equity Shares for calculation of Basic EPS	**(A)**	2,414,388,770	2,262,156,668
Add: Dilutive Impact of Employee Stock Options		3,187,132	4,605,445
Weighted-Average Number of Equity Shares for calculation of Diluted EPS	**(B)**	2,417,575,903	2,266,762,113
Nominal Value of Shares (₹)		10.00	10.00
Profit Attributable to Equity Holders of the Parent:	**(C)**	1,126.54	919.78
Basic EPS (₹)	**(C/A)**	4.67	4.07
Diluted EPS (₹)	**(C/B)**	4.66	4.06

NOTE: 40 CONTINGENT LIABILITIES NOT PROVIDED FOR

A) Claims against the Company not Acknowledge as Debts

₹ crore

Nature of Statute	Brief Description of Contingent Liabilities	As at 31st March 2021	As at 31st March 2020
Goods and Services Tax Act, 2017/ Service Tax, Finance Act, 1994	Various cases pertaining to like disallowance of CENVAT credit of Service Tax and show cause-cum-demand notices relating to Service Tax.	59.05	59.55
Income-tax Act, 1961	Various cases pertaining to demand in tax assessment for various years.	50.61	52.48
Other Statutes	Claims pending in Consumer Redressal Forums, Lok Adalat, National Commission, Motor Accidental Claims Tribunal, Arbitrator, in other Courts/Authorities, other legal matter and claims against the Company not acknowledged as debts	62.18	73.04
Grand Total		**171.84**	**185.07**
B) Corporate Guarantees given by the Company on behalf of clients*		257.96	344.51

**Includes Corporate Guarantees given to National Housing Bank by the Company on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 500 Crore, against which the amount liable by ABHFL as at 31st March 2021, is ₹ 225.93 Crore (Previous Year 31st March 2020: ₹ 303.05 Crore). As per the terms of the Guarantee, on invocation, the Company's liability is capped at the outstanding amount.*

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 41 CAPITAL AND OTHER COMMITMENTS

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	48.57	106.84
b) Uncalled Liabilities on Shares and other Investments partly paid	447.61	668.67

NOTE: 42 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD 116 - LEASES - IS AS UNDER

Effective 1st April 2019, the Group adopted Ind AS 116 "Leases", and applied the standard to all lease contracts existing on 1st April 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount, as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, for all contracts as on 1st April 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted-average incremental borrowing rate applied to lease liabilities for the year ended 31st March 2021, is between the range of 6.50% to 8.00% for a period varying from 1 to 10 years.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

Notes

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Following are the changes in the carrying value of Right-of-Use Assets for the year ended 31st March 2021:

₹ crore

Particulars	ROU Assets Leasehold Premises
Gross Carrying Value	
Balance as at 1st April 2019	286.20
Additions	114.35
Deletions	4.59
Balance as at 31st March 2020	**395.96**
Additions	165.95
Deletions	42.12
Balance as at 31st March 2021	**519.79**
Accumulated Amortisation	
As at 1st April 2019	-
Additions	87.92
Balance as at 31st March 2020	**87.92**
Additions	92.13
Balance as at 31st March 2021	**180.05**
Net Carrying Value as at 31st March 2020	**308.04**
Net Carrying Value as at 31st March 2021	**339.74**

Amounts recognised in Profit and Loss

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Amortisation Expenses on Right-of-Use Assets	92.13	87.92
Interest Expenses on Lease Liabilities	29.28	24.59
Expenses Relating to Short-Term Leases	4.46	9.89
Expenses Relating to Leases of Low Value Assets	15.27	18.26
Income from Subleasing Right-of-Use Assets	4.43	7.29
Others	2.43	0.85
Gains/(Losses) Arising from Changes in Lease Agreements	8.26	0.42

The following is the break-up of current and non-current lease liabilities as at 31st March 2021:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Current Lease Liabilities	94.10	91.57
Non-Current Lease Liabilities	274.65	245.05
Total	**368.75**	**336.62**

The following is the movement in lease liabilities during the year ended 31st March 2021:

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Balance as at 1st April 2020	336.62	321.09
Additions	160.34	102.18
Deletions	(50.27)	(5.13)
Finance Cost Accrued during the period	29.28	24.59
Payment of Lease Liabilities	(107.22)	(106.11)
Balance as at 31st March 2021	**368.75**	**336.62**

Notes

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The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2021, on an undiscounted basis:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Less than one year	97.76	95.85
One to five years	285.12	248.00
More than five years	63.38	68.40
Total	**446.26**	**412.25**

Future expected cash outflows to which the lessee is potentially exposed and are not reflected in the measurement of lease liabilities:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Lessee utilises its extension option	-	-
Amount of residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	14.33
Total	**-**	**14.33**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Group has applied the practical expedient as given in para 46B of Ind AS 116 in relation to Rent Concessions being given due to COVID-19 pandemic by the lessor.

The details of finance lease payments payable and their present value of the Company is as under:

₹ crore

Particulars	31st March 2021			31st March 2020		
	Total Lease Value	Present Value	Interest	Total Lease Value	Present Value	Interest
Charges Payable						
a) Not later than one year	-	-	-	0.03	0.03	-
b) Later than one year and not later than five years	-	-	-	-	-	-
Total	**-**	**-**	**-**	**0.03**	**0.03**	**-**

NOTE: 43 CURRENT INCOME TAX

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Current Income Tax Charges	422.44	418.09
Adjustments in respect of Current Income Tax of Previous Year	(6.44)	(7.27)
Deferred Tax:		
Relating to origination and reversal of temporary differences (including MAT credit)	24.04	2.81
Income Tax Expenses Reported in the Statement of Profit and Loss	**440.04**	**413.63**
Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for 31st March 2021		
Accounting Profit Before Income Tax	1,545.69	1,279.74
At India's Statutory Income Tax Rate of 25.168%	389.02	322.09
Adjustments in respect of Current Income Tax of Previous Years	(6.44)	(7.27)
Differences other than temporary in nature on account of tax benefit u/s 36 (1)(viii) of the Income-tax Act, 1961.	(6.91)	(4.17)

Notes

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₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Income not considered for tax purpose	(9.46)	(36.44)
Allocation of Bonus to Policyholders	38.21	37.17
Income taxed at different rates	(17.88)	(10.45)
Deferred Tax on undistributed earnings of Subsidiary and Joint Venture Companies	56.31	42.24
Tax Effect of Share of result of Joint Venture Companies	(67.55)	(63.15)
Tax Impact of Dividend Income from Joint Venture Companies	-	37.64
Deferred Tax not created on loss making Companies	50.58	80.22
Others	14.16	15.75
At the effective income tax rate of 28.47% (31st March 2020: 32.32%)	**440.04**	**413.63**

NOTE: 44 LIST OF RELATED PARTIES WITH WHOM THE COMPANY HAS TRANSACTIONS

Holding Company:
Grasim Industries Limited

Joint Ventures:
Aditya Birla Sun Life AMC Limited

Aditya Birla Sun Life Trustee Private Limited

Aditya Birla Wellness Private Limited

Entity in which Holding Company has Significant Influence:
Aditya Birla Idea Payment Bank Limited (under liquidation w.e.f. 18th September 2019)

Other related parties in which Directors are interested:
Aditya Birla Management Corporation Private Limited

Fellow Subsidiaries
UltraTech Cement Limited

Post-Employment Benefit Plans:
Grasim Industries Limited Employee Gratuity Fund

Key Management Personnel:
Mr. Kumar Mangalam Birla (Non-Executive Director)

Dr. Santrupt Misra (Non-Executive Director)

Mr. Sushil Agarwal (Non-Executive Director)

Mr. Ramesh Sobti (Non-Executive Director) (w.e.f. 14th January 2021)

Mr. Arun Adhikari (Independent Director)

Mr. P. H. Ravikumar (Independent Director)

Mr. S. C. Bhargava (Independent Director)

Ms. Vijayalakshmi R. Iyer (Independent Director)

Mr. Ajay Srinivasan (Chief Executive Officer)

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

During the year ended 31st March 2021, the following transactions were carried out with the related parties:

₹ crore

Particulars	Holding Company	Joint Ventures	Entity in which Holding Company has Significant Influence	Fellow Subsidiaries	Other Related Parties in which Directors are interested	Post-Employment Benefit Plans	Key Management Personnel	Grand Total
Interest Income								
Grasim Industries Limited	0.78	-	-	-	-	-	-	0.78
	(4.41)	-	-	-	-	-	-	(4.41)
UltraTech Cement Limited	-	-	-	2.80	-	-	-	2.80
	-	-	-	(4.12)	-	-	-	(4.12)
TOTAL	**0.78**	**-**	**-**	**2.80**	**-**	**-**	**-**	**3.58**
	(4.41)	**-**	**-**	**(4.12)**	**-**	**-**	**-**	**(8.53)**
Dividend Income								
Aditya Birla Sun Life AMC Limited	-	71.40	-	-	-	-	-	71.40
	-	(168.30)	-	-	-	-	-	(168.30)
TOTAL	**-**	**71.40**	**-**	**-**	**-**	**-**	**-**	**71.40**
	-	**(168.30)**	**-**	**-**	**-**	**-**	**-**	**(168.30)**
Brokerage Income								
Grasim Industries Limited	-	-	-	-	-	-	-	-
	(0.36)	-	-	-	-	-	-	(0.36)
Aditya Birla Sun Life AMC Limited	-	0.75	-	-	-	-	-	0.75
	-	(0.41)	-	-	-	-	-	(0.41)
TOTAL	**-**	**0.75**	**-**	**-**	**-**	**-**	**-**	**0.75**
	(0.36)	**(0.41)**	**-**	**-**	**-**	**-**	**-**	**(0.77)**
Insurance Income								
Grasim Industries Limited	8.16	-	-	-	-	-	-	8.16
	(6.33)	-	-	-	-	-	-	(6.33)
UltraTech Cement Limited	-	-	-	3.60	-	-	-	3.60
	-	-	-	(9.87)	-	-	-	(9.87)
TOTAL	**8.16**	**-**	**-**	**3.60**	**-**	**-**	**-**	**11.76**
	(6.33)	**-**	**-**	**(9.87)**	**-**	**-**	**-**	**(16.20)**
Rent Income								
Aditya Birla Wellness Private Limited	-	0.82	-	-	-	-	-	0.82
	-	(0.55)	-	-	-	-	-	(0.55)
Aditya Birla Sun Life AMC Limited	-	0.36	-	-	-	-	-	0.36
	-	(0.54)	-	-	-	-	-	(0.54)
TOTAL	**-**	**1.18**	**-**	**-**	**-**	**-**	**-**	**1.18**
	-	**(1.09)**	**-**	**-**	**-**	**-**	**-**	**(1.09)**
Sale of Services								
Aditya Birla Sun Life AMC Limited	-	3.12	-	-	-	-	-	3.12
	-	-	-	-	-	-	-	-
TOTAL	**-**	**3.12**	**-**	**-**	**-**	**-**	**-**	**3.12**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Income								
Mr. Ajay Srinivasan	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	β	β
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**β**	**β**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	Holding Company	Joint Ventures	Entity in which Holding Company has Significant Influence	Fellow Subsidiaries	Other Related Parties in which Directors are interested	Post-Employment Benefit Plans	Key Management Personnel	Grand Total
Payment of Other Services								
Grasim Industries Limited	0.16	-	-	-	-	-	-	0.16
	-	-	-	-	-	-	-	-
Aditya Birla Sun Life AMC Limited	-	1.40	-	-	-	-	-	1.40
	-	(0.26)	-	-	-	-	-	(0.26)
Aditya Birla Idea Payment Bank Limited	-	-	-	-		-	-	-
	-	-	(0.17)	-	-	-	-	(0.17)
Aditya Birla Management Corporation Private Limited	-	-	-	-	28.36	-	-	28.36
	-	-	-	-	(31.22)	-	-	(31.22)
TOTAL	**0.16**	**1.40**	**-**	**-**	**28.36**	**-**	**-**	**29.92**
	-	**(0.26)**	**(0.17)**	**-**	**(31.22)**	**-**	**-**	**(31.65)**
Receipts against Reimbursement of Expenses								
Grasim Industries Limited	0.19	-	-	-	-	-	-	0.19
	(0.31)	-	-	-	-	-	-	(0.31)
Aditya Birla Wellness Private Limited	-	0.19	-	-	-	-	-	0.19
	-	(0.29)	-	-	-	-	-	(0.29)
Aditya Birla Management Corporation Private Limited	-	-	-	-	0.21	-	-	0.21
	-	-	-	-	(0.13)	-	-	(0.13)
Aditya Birla Sun Life AMC Limited	-	46.24	-	-	-	-	-	46.24
	-	(65.41)	-	-	-	-	-	(65.41)
UltraTech Cement Limited	-	-	-	0.05	-	-	-	0.05
	-	-	-	-	-	-	-	-
TOTAL	**0.19**	**46.43**	**-**	**0.05**	**0.21**	**-**	**-**	**46.88**
	(0.31)	**(65.70)**	**-**	**-**	**(0.13)**	**-**	**-**	**(66.14)**
Other Expenses								
Aditya Birla Wellness Private Limited	-	11.69	-	-	-	-	-	11.69
	-	(7.58)	-	-	-	-	-	(7.58)
TOTAL	**-**	**11.69**	**-**	**-**	**-**	**-**	**-**	**11.69**
	-	**(7.58)**	**-**	**-**	**-**	**-**	**-**	**(7.58)**
Contribution to PF/Gratuity Fund Trust								
Grasim Industries Limited Employee Gratuity Fund	-	-	-	-	-	4.21	-	4.21
	-	-	-	-	-	(1.88)	-	(1.88)
TOTAL	**-**	**-**	**-**	**-**	**-**	**4.21**	**-**	**4.21**
	-	**-**	**-**	**-**	**-**	**(1.88)**	**-**	**(1.88)**
Payment to Key Management Personnel								
Mr. Ajay Srinivasan*								
Remuneration	-	-	-	-	-	-	23.48	23.48
	-	-	-	-	-	-	(28.22)	(28.22)
ESOP Accounting Charge	-	-	-	-	-	-	4.14	4.14
	-	-	-	-	-	-	(7.85)	(7.85)

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	Holding Company	Joint Ventures	Entity in which Holding Company has Significant Influence	Fellow Subsidiaries	Other Related Parties in which Directors are interested	Post-Employment Benefit Plans	Key Management Personnel	Grand Total
Mr. Arun Adhikari	-	-	-	-	-	-	0.05	0.05
	-	-	-	-	-	-	(0.04)	(0.04)
Mr. P. H. Ravikumar	-	-	-	-	-	-	0.06	0.06
	-	-	-	-	-	-	(0.06)	(0.06)
Mr. S. C. Bhargava	-	-	-	-	-	-	0.06	0.06
	-	-	-	-	-	-	(0.04)	(0.04)
Ms. Vijayalakshmi R. Iyer	-	-	-	-	-	-	0.06	0.06
	-	-	-	-	-	-	(0.03)	(0.03)
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**27.85**	**27.85**
	-	**-**	**-**	**-**	**-**	**-**	**(36.24)**	**(36.24)**
Deposit Given/Paid Back								
Aditya Birla Management Corporation Private Limited	-	-	-	-	2.04	-	-	2.04
	-	-	-	-	(8.88)	-	-	(8.88)
Aditya Birla Sun Life AMC Limited	-	0.25	-	-	-	-	-	0.25
	-	-	-	-	-	-	-	-
TOTAL	**-**	**0.25**	**-**	**-**	**2.04**	**-**	**-**	**2.29**
	-	**-**	**-**	**-**	**(8.88)**	**-**	**-**	**(8.88)**
Deposit Taken/Received Back								
Aditya Birla Management Corporation Private Limited	-	-	-	-	6.05	-	-	6.05
	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**6.05**	**-**	**-**	**6.05**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payment Received for Non-Convertible Debentures								
Grasim Industries Limited	-	-	-	-	-	-	-	-
	(40.00)	-	-	-	-	-	-	(40.00)
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(40.00)	**-**	**-**	**-**	**-**	**-**	**-**	**(40.00)**
Sale of Non-Convertible Debentures								
UltraTech Cement Limited	-	-		10.00	-	-	-	10.00
	-	-	-	(30.00)	-	-	-	(30.00)
TOTAL	**-**	**-**	**-**	**10.00**	**-**	**-**	**-**	**10.00**
	-	**-**	**-**	**(30.00)**	**-**	**-**	**-**	**(30.00)**
Issue of Equity Shares								
Grasim Industries Limited	-	-	-	-	-	-	-	-
	(770.00)	-	-	-	-	-	-	(770.00)
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(770.00)	**-**	**-**	**-**	**-**	**-**	**-**	**(770.00)**

Notes

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₹ crore

Particulars	Holding Company	Joint Ventures	Entity in which Holding Company has Significant Influence	Fellow Subsidiaries	Other Related Parties in which Directors are interested	Post-Employment Benefit Plans	Key Management Personnel	Grand Total
Equity Accounted Investments								
Aditya Birla Sun Life AMC Limited	-	869.29	-	-	-	-	-	869.29
	-	(671.55)	-	-	-	-	-	(671.55)
Aditya Birla Sun Life Trustee Private Limited	-	0.64	-	-	-	-	-	0.64
	-	(0.57)	-	-	-	-	-	(0.57)
Aditya Birla Wellness Private Limited	-	9.62	-	-	-	-	-	9.62
	-	(9.66)	-	-	-	-	-	(9.66)
TOTAL	**-**	**879.55**	**-**	**-**	**-**	**-**	**-**	**879.55**
	-	**(681.78)**	**-**	**-**	**-**	**-**	**-**	**(681.78)**
Outstanding Balances								
Amount Receivables	11.43	5.02	-	36.02	6.21	8.58	-	67.26
	(11.26)	(8.22)	-	(46.24)	(10.16)	(6.62)	-	(82.50)
Amount Payables	1.35	6.14	-	0.08	5.70	-	-	13.29
	(0.03)	(3.39)	(0.04)	(0.21)	(3.91)	-	-	(7.58)
TOTAL	**12.78**	**11.16**	**-**	**36.11**	**11.92**	**8.58**	**-**	**80.55**
	(11.29)	**(11.61)**	**(0.04)**	**(46.44)**	**(14.06)**	**(6.62)**	**-**	**(90.06)**

- *Figures in brackets represent corresponding amount of Previous Year.*

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

- *Related parties relationships have been identified by the Management and relied upon by 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.*

* *Variable pay is within 70% of Gross Salary.*

NOTE: 45 RETIREMENT BENEFITS

Disclosure in respect of Employee Benefits pursuant to Ind AS-19

A. The details of the Company'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 benefits equivalent to fifteen days salary last drawn for each completed years 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 Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

Nature of Benefits:

The Group operates a defined benefit final salary gratuity plan, which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Group.

Regulatory Framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Group and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules. Besides this, if the Group is covered by the Payment of Gratuity Act, 1972, then the Group is bound to pay the statutory minimum gratuity as prescribed under this Act.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Governance of the Plan:

The Group has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan.

Inherent Risks:

The plan is of a final salary defined benefits in nature, which is sponsored by the Group, and, hence, it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Group that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

₹ crore

Particulars	As at/For the Year Ended 31st March 2021	As at/For the Year Ended 31st March 2020
Amounts recognised in the Balance Sheet in respect of Gratuity		
Present Value of the funded Defined Benefit Obligations at the end of the period	137.25	114.64
Fair Value of Plan Assets	122.33	94.70
Net (Assets)/Liabilities	**14.92**	**19.94**
Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity		
Current Service Cost	17.77	13.92
Interest on Net Defined Benefit Liabilities/(Assets)	1.03	0.48
Less: Recovery from Joint Venture Companies	(0.72)	(0.43)
Net Gratuity Costs	**18.08**	**13.97**
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Actual return on Plan Assets excluding interest income	(12.37)	1.65
Actuarial changes arising from changes in demographic assumptions	4.95	(4.36)
Actuarial changes arising from changes in financial assumptions	4.62	9.50
Actuarial changes arising from changes in experience assumptions	(3.77)	6.66
Less: Amount recovered from Joint Venture Companies	(0.88)	(0.77)
Closing amount recognised in OCI outside Profit and Loss Account	**(7.45)**	**12.68**
Change in Present Value of the Obligations:		
Opening Defined Benefit Obligations	114.64	91.40
Current Service Cost	17.77	13.92
Interest Cost	6.66	6.27
Actuarial (Gain)/Loss	5.76	11.80
Benefits Paid	(7.47)	(9.26)
Impact of Liabilities assumed or (settled)	(0.11)	0.49
Opening Liabilities transferred from Unfunded to Funded	-	0.02
Closing Defined Benefit Obligations	**137.25**	**114.64**
Change in Fair Value of the Plan Assets:		
Opening Fair Value of the Plan Assets	94.70	81.78
Interest Income on Plan Assets	5.63	5.79
Actual return on Plan Assets less interest on Plan Assets	12.37	(1.65)
Contributions by the Employer	17.10	18.04
Benefits Paid	(7.47)	(9.26)
Closing Fair Value of the Plan Assets	**122.33**	**94.70**
Funding Arrangement and Policy		
The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the Income Tax Rules for such approved schemes.		

Notes

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₹ crore

Particulars	As at/For the Year Ended 31st March 2021	As at/For the Year Ended 31st March 2020
Maturity Profile of Defined Benefit Obligations		
Within the next 12 months (next annual reporting period)	11.86	13.72
More than 1 and up to 5 years	47.34	44.78
More than 5 and up to 10 years	52.78	38.53
Above 10 years	83.35	99.20
The weighted-average duration to the payment of these cash flows	4 Years to 17 Years	4 Years to 17 Years
Quantitative sensitivity analysis for significant assumption is as below:		
Increase/Decrease on Present Value of Defined Benefits Obligations for the Year		
i) 50 bps increase in discount rate	-3.43%	-2.97%
ii) 50 bps decrease in discount rate	3.72%	3.58%
iii) 50 bps increase in the rate of salary increase	3.62%	3.42%
iv) 50 bps decrease in the rate of salary increase	-3.24%	-2.87%
Sensitivity Analysis Method		
These sensitivities have been calculated to show the movement in defined benefit obligation in isolation, and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.		
Disaggregation of the Plan Assets		
Non-Quoted Value		
Government of India Securities	3.89%	1.54%
Corporate Bonds	0.76%	0.11%
Insurer Managed Funds	78.67%	81.15%
Others	16.68%	17.20%
	100%	**100%**
Fair Value of the Plan Assets include:		
Company's own Financial Instruments	96.06	76.85
Principal Actuarial Assumptions at the Balance Sheet Date		
Discount Rate	4.9% - 6.82%	5.4% - 6.95%
Salary Escalation	7% - 10%	6% - 10%

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

₹ crore

Particulars	As at/For the Year Ended 31st March 2021	As at/For the Year Ended 31st March 2020
Amounts recognised in the Balance Sheet in respect of Gratuity		
Present Value of the unfunded Defined Benefit Obligations at the end of the period	0.84	0.22
Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity		
Current Service Cost (unfunded)	0.12	0.02
Interest on Defined Benefit Obligations	0.01	0.03
Net Gratuity Cost	**0.13**	**0.05**
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience assumptions	(0.10)	0.06
	(0.10)	**0.06**

Notes

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₹ crore

Particulars	As at/For the Year Ended 31st March 2021	As at/For the Year Ended 31st March 2020
Change in Present Value of the Obligations:		
Opening Defined Benefit Obligations	0.08	0.45
Current Service Cost	0.12	0.02
Interest Cost	0.01	0.03
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience assumptions	(0.10)	0.06
Liability in respect of Employees transferred from unfunded plan	-	(0.02)
Benefits Paid	0.73	(0.32)
Closing Defined Benefit Obligations	**0.84**	**0.22**
Maturity Profile of Defined Benefit Obligations		
Within the next 12 months (next annual reporting period)	0.02	0.04
More than 1 and up to 5 years	0.08	0.10
More than 5 and up to 10 years	0.22	0.07
Above 10 years	0.05	-
The weighted-average duration to the payment of these cash flows	3 Years to 6 Years	3 Years to 6 Years
Quantitative sensitivity analysis for significant assumption is as below:		
Increase/Decrease on present value of defined benefits obligations at the end of the Year (in %)		
i) 50 bps increase in discount rate	(3.88%)	(4.10%)
ii) 50 bps decrease in discount rate	3.04%	0.03%
iii) 50 bps increase in the rate of salary increase	2.99%	0.01%
iv) 50 bps decrease in the rate of salary increase	(3.87%)	(4.10%)
Principal Actuarial Assumptions at the Balance Sheet Date		
Discount Rate	5.70% - 6.40%	5.45% - 5.60%
Salary Escalation	6.50% - 7.00%	6.50% - 7.00%

Estimated amount of contribution expected to be paid to the Gratuity Fund during the annual period after the Balance Sheet date is ₹ 22.66 Crore (31st March 2020: ₹ 35.78 Crore).

C Defined Contribution Plan

Amount recognised as an expense and included in the Note: as "Contribution to Provident and Other Funds"	64.91	64.61
Contribution to the Company Provident Fund Trust	1.93	1.90

NOTE: 46 DISCLOSURE UNDER EMPLOYEE STOCK OPTIONS SCHEME OF THE COMPANY

(A) Aditya Birla Capital Limited

At the Annual General Meeting, held on 19th July 2017, the shareholders of the Company approved the grant of not more than 32,286,062 Equity Shares by way of grant of Stock Options ("ESOPs") and Restricted Stock Units ("RSUs"). Out of these, the Nomination, Remuneration and Compensation Committee has granted 24,062,864 ESOPs and 5,742,636 RSUs under the Scheme titled "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" in 3 categories of Long-term Incentive Plans ("LTIP") identified as LTIP 1, LTIP 2, and LTIP 3. The Scheme allows the grant of Stock Options to employees of the Company (whether in India or abroad) that meet the eligibility criteria. Each option comprises one underlying Equity Share.

Notes

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Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Plan Period	2017-2019	2017-2021	2017-2018	2017-2022
Quantum of Grant	4,343,750	11,557,872	1,398,886	12,504,992
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	100% (2 years)	25% p.a. (4 years)	100% (2 years)	20% p.a. (5 years)
Vesting Condition(s)	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	11th August 2017	11th August 2017	11th August 2017	11th August 2017
Grant/Exercise Price (₹ Per Share)	10.00	115.00	10.00	115.00
Value of Equity Shares as on the date of Grant of Original Option (₹ Per Share)	139.00	139.00	139.00	139.00

Re-granted during the Financial Year - 2020-2021, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 3
Instrument	ESOP	ESOP
Plan Period	2021-2022	2021-2022
Quantum of Grant	110,424	140,439
Method of Accounting	Fair Value	Fair Value
Vesting Period	One year from the Date of Grant	One year from the Date of Grant
Vesting Condition(s)	75% of the Consolidated Profit Before Tax achievement against annual performance target	75% of the Consolidated Profit Before Tax achievement against annual performance target
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	05.02.2021	05.02.2021
Grant/Exercise Price (₹ Per Share)	90.4	90.4

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Granted during the Financial Year - 2019-2020, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 2	LTIP 3	LTIP 3	LTIP 2	LTIP 3
Instrument	**ESOP**	**ESOP**	**ESOP**	**RSU**	**ESOP**	**RSU**
Plan Period	2019-2023	2019-2023	2019-2024	2019-2021	2020-2024	2020-2023
Quantum of Grant	560,376	307,020	441,704	7,686	798,768	523,810
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	25% p.a. (4 years)	25% p.a. (4 years)	20% p.a. (5 years)	100% (2 years)	25% p.a. (4 years)	100% (3 years)
Vesting Condition(s)	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	02.08.2019	07.09.2019	07.09.2019	07.09.2019	25.02.2020	25.02.2020
Grant/Exercise Price (₹ Per Share)	82.4	76.4	76.4	10	87.1	10

Granted during the Financial Year - 2018-2019, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 3	LTIP 3
Instrument	**ESOP**	**RSU**
Plan Period	2018-2023	2018-2020
Quantum of Grant	1,623,834	300,000
Method of Accounting	Fair Value	Fair Value
Vesting Period	20% p.a. (5 years)	100% (2 years)
Vesting Condition(s)	75% of the consolidated Profit Before Tax achievement against annual performance target	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	09.04.2018	09.04.2018
Grant/Exercise Price (₹ Per Share)	115.00	10

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Details of Activity in the Plan as at 31st March 2021

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	1,718,500	11,475,079	1,439,450	13,225,030
Granted during the year	-	110,424	-	140,439
Exercised during the year	386,000	146,372	566,544	-
Lapsed during the year	76,400	724,890	-	140,439
Options/RSUs outstanding at the end of the year	1,256,100	10,714,241	872,906	13,225,030
Options/RSUs unvested at the end of year	-	3,291,083	531,496	5,413,673
Options/RSUs exercisable at the end of the year	1,256,100	7,423,158	341,410	7,811,357

Details of Activity in the Plan as at 31st March 2020

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs outstanding at the beginning of the year	3,449,500	10,524,085	1,698,886	14,128,826
Granted during the year	-	1,666,164	531,496	441,704
Exercised during the year	1,450,042	-	615,431	-
Lapsed during the year	280,958	715,170	175,501	1,345,500
Options/RSUs outstanding at the end of the year	1,718,500	11,475,079	1,439,450	13,225,030
Options/RSUs unvested at the end of year	-	6,587,801	831,496	8,042,534
Options/RSUs exercisable at the end of the year	1,718,500	4,887,278	607,954	5,182,496

Fair Valuation

The Fair Value of the options used to compute proforma Net Profit and Earnings Per Share have been done by an independent valuer on the date of grant using Black–Scholes Merton Formula. The key assumptions and the Fair Value are as:

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Risk-Free Interest Rate (%)	6.50%	6.2% to 6.8%	6.5% to 7.2%	6.5% to 7.0%
Option Life (Years)	4.5	3.5 to 6.5	4.5	3.5 to 7.5
Historical Volatility	38.50%	36.2% to 38.5%	35.4% to 38.5%	37.0% to 38.5%
Expected Volatility	-	46.50%	-	46.50%
Expected Dividend Yield (%)	-	-	-	-
Weighted-Average Fair Value per Option (₹)	131.60	70.4 to 90.4	131.60	73.1 to 90.4

During the year, under Aditya Birla Capital Limited Stock Appreciation Rights Scheme 2019, the Company has approved grant of 4,356 RSU Stock Appreciation Rights (SARs) and 83,592 Options SARs to the employees of the Company and its subsidiaries.

Of Subsidiary Companies

(B) 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 Aditya Birla Money Limited (ABML), as well as to motivate them to contribute to its growth and profitability. The Company adopts Senior Executive Plan in granting Stock Options to its Senior Employees. (Employee Stock Option Scheme – 2014)

During 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 9th September 2014. The Scheme provides that the total number of options granted thereunder will be 2,770,000 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

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

face value of ₹ 1 each. Subsequently, the Nomination and Remuneration Committee of the Board of Directors on 2nd December 2014, has granted 2,509,341 stock options to its eligible employees under the ABML ESOP Scheme – 2014 at an exercise price of ₹ 34.25/-. The Exercise Price was based on the latest available closing price, prior to the 2nd December 2014 (the date of grant by the Nomination and Remuneration Committee), on the recognised 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	As at 31st March 2021
Options Granted on 2nd December 2015	2,509,341
Options Outstanding as on 1st April 2020	520,312
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 Recognised Stock Exchange)
Options Forfeited/Lapsed during the Year	-
Options Exercised during the Year	-
Options Outstanding as at 31st March 2021	520,312

Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under	As at 31st March 2020
Options Granted on 2nd December 2015	2,509,341
Options Outstanding as on 1st April 2019	520,312
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 recognised stock exchange)
Options Forfeited/Lapsed during the Year	-
Options Exercised during the Year	-
Options Outstanding as at 31st March 2020	520,312

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

Sr. No	Vesting Date	% 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

ABML 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 ABML 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 (%)	-
Weighted-Average Fair Value per Option (₹) Fair Value	₹ 34.25/-

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forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 47 ABCL INCENTIVE PLAN 2017

The Scheme titled as "ABCL Incentive Scheme for Stock Options and Restricted Stock Units – 2017 (ABCL Incentive Scheme)" was approved by the shareholders through postal ballot on 10th April 2017. The Nomination, Remuneration and Compensation Committee of the Company at its meeting, held on 15th January 2018, granted 1,465,927 ESOPs and 252,310 Restricted Stock Units (RSUs) (collectively called as "Stock Options") to the eligible grantees pursuant to the Composite Scheme of Arrangement between erstwhile Aditya Birla Nuvo Limited (now merged with Grasim Industries Limited), Grasim Industries Limited and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) (Refer Note No. 46). Out of the above, the Company has granted 195,040 ESOPs and 45,060 RSUs under this Scheme to a Director of the Company. The Stock Options allotted under the Scheme are convertible into equal number of Equity Shares.

The vesting conditions and the vesting dates under the ABCL Incentive Scheme shall follow the same vesting conditions, as applicable to the grantees under the corresponding Grasim Employee Benefit Schemes 2006 and 2013.

Particulars	ABCL Incentive Scheme	
	Options	RSUs
Plan Period	As per Grasim Employee Benefit Schemes 2006 and 2013	
Quantum of Grant	1,465,927	252,310
Method of Accounting	Fair Value	Fair Value
Vesting Period	The Options and RSUs shall deemed to have been vested from the original date of grant under the Grasim ESOP Schemes 2006 and 2013, and shall be subject to a minimum vesting period of one year from the date of original grant, and would vest not earlier than one year and not later than five years from the date of grant of Options and RSUs, or such other period as may be determined by the Nomination, Remuneration and Compensation Committee.	
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target	
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	15th January 2018	15th January 2018
Grant/Exercise Price (₹ Per Share)	10	10

Re-granted during the Financial Year - 2020-2021, to the eligible employees of the Company and its subsidiaries, the details of which are given hereunder:

Particulars	Options
Plan Period	2021-2022
Quantum of Grant	25,585
Method of Accounting	Fair Value
Vesting Period	One year from the Date of Grant
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target
Exercise Period	5 years from the Date of Vesting
Grant Date	05.03.2021
Grant/Exercise Price (₹ Per Share)	10

Details of Activity in the Plan

Particulars	ABCL Incentive Scheme			
	31st March 2021		31st March 2020	
	Options	RSUs	Options	RSUs
Options/RSUs Outstanding at the beginning of the year	761,865	169,057	1,034,389	195,955
Granted during the year	25,585	-	-	-
Exercised during the year	376,144	55,610	272,524	26,898
Lapsed during the year	25,585	-	-	-
Options/RSUs Outstanding at the end of the year	385,721	113,447	761,865	169,057
Options/RSUs Unvested at the end of year	25,585	-	25,585	-
Options/RSUs Exercisable at the end of the year	**360,136**	**113,447**	**736,280**	**169,057**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 48 SEGMENT DISCLOSURES

Operating segments are defined as components of an enterprise for which discrete financial information so available that is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance.

The Group has considered business segment as reportable 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	Housing Finance
Life Insurance	Life Insurance
Asset Management	Asset Management
General Insurance Broking	Insurance Broking
Stock and Securities Broking	Equity and Commodity Broking
Health Insurance	Health Insurance and Ancillary Services
Other Financial Services	General Insurance Advisory, Asset Reconstruction and Private Equity

Information about Business Segments

₹ crore

Segment Revenue	For the Year Ended 31st March 2021			For the Year Ended 31st March 2020		
	External	Inter-Segment	Total	External	Inter-Segment	Total
NBFC	5,506.76	4.76	5,511.52	6,073.34	3.07	6,076.41
Housing Finance	1,278.26	2.30	1,280.56	1,295.66	2.73	1,298.39
Life Insurance	10,374.46	4.82	10,379.28	7,786.69	4.82	7,791.52
Asset Management	1,201.65	-	1,201.65	1,234.56	-	1,234.56
General Insurance Broking	588.97	2.31	591.28	512.33	2.30	514.63
Stock and Securities Broking	191.08	1.14	192.22	168.96	1.76	170.72
Health Insurance	1,202.02	0.06	1,202.08	803.57	-	803.57
Other Financial Services	103.64	25.10	128.74	51.45	11.52	62.96
Segment Revenue	**20,446.84**	**40.49**	**20,487.33**	**17,926.56**	**26.20**	**17,952.76**
Less: Inter-Segment Revenue			(40.49)			(26.20)
Total Segment Revenue from Operations			**20,446.84**			**17,926.56**
Less: Revenue of Joint Venture entities, profits of which are equity accounted under the Ind AS framework			(1,214.64)			(1,243.38)
Add: Elimination of Intra Group revenue from transactions with Joint Venture entities			15.59			8.00
Total Revenue from Operation			**19,247.79**			**16,691.18**

₹ crore

Segment Result (PBT)	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
NBFC	1,031.41	1,052.91
Housing Finance	176.38	136.19
Life Insurance	151.46	137.47
Asset Management	695.89	660.73
General Insurance Broking	70.70	42.10
Stock and Securities Broking	22.40	16.50
Health Insurance	(199.05)	(245.51)
Other Financial Services	24.04	(113.20)
Total Segmental Results	**1,973.23**	**1,687.19**
Less: Share of Joint Venture partners (not included in share of Profits of the Group) in Joint Venture Companies	(427.54)	(407.45)
Profit Before Tax	**1,545.69**	**1,279.74**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Other Information	Carrying Amount of Segment Assets (including Goodwill) as on		Carrying Amount of Segment Liabilities as on	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Segments				
NBFC	50,319.78	51,589.75	41,902.62	43,893.10
Housing Finance	12,334.90	13,124.39	10,855.94	11,776.43
Life Insurance	56,279.31	44,729.12	53,411.27	42,071.73
Asset Management	1,967.63	1,543.57	256.77	239.50
General Insurance Broking	202.85	127.19	147.05	123.36
Stock and Securities Broking	1,059.61	724.26	835.54	516.94
Health Insurance	1,565.56	1,109.22	1,136.89	796.97
Other Financial Services	1,228.51	1,288.96	570.55	593.19
Total Segment	**124,958.15**	**114,236.46**	**109,116.63**	**100,011.22**
Inter-Segment Elimination	(190.96)	(200.81)	(190.96)	(200.81)
Add: Unallocated Corporate Liabilities	650.28	656.98	419.25	331.71
Total Segment Assets/Liabilities	**125,417.47**	**114,692.63**	**109,344.92**	**100,142.12**
Less: Assets/Liabilities of Joint Venture entities, which are equity accounted under the Ind AS framework	(2,009.31)	(1,594.28)	(284.63)	(257.37)
Add: Elimination of Intra Group Assets/Liabilities from transactions with Joint Venture entities	8.62	11.60	8.62	11.60
Add: Investment in Joint Venture entities which are equity accounted under the Ind AS framework	879.55	681.78	-	-
Total Assets/Liabilities	**124,296.33**	**113,791.73**	**109,068.91**	**99,896.35**

₹ crore

Other Information	Depreciation and Amortisation for the Year Ended	
	31st March 2021	31st March 2020
Segments		
NBFC	58.50	49.77
Housing Finance	11.18	11.66
Life Insurance	73.78	72.62
Asset Management	37.44	36.52
General Insurance Broking	7.57	7.67
Stock and Securities	7.02	6.46
Health Insurance	37.58	31.50
Other Financial Services	30.00	26.70
Total Segment	**263.07**	**242.90**
Less: Depreciation of Joint Venture entities	40.01	38.59
Less: Depreciation of Life Insurance Policyholders' Business	73.60	72.32
Less: Depreciation of Health Insurance Policyholders' Business	35.01	29.43
Total Depreciation and Amortisation	**114.45**	**102.56**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Other Information	Interest Income for the Year Ended		Interest Expenses for the Year Ended	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
NBFC	5,283.39	5,727.07	3,019.91	3,608.12
Housing Finance	1,234.51	1,243.44	849.23	926.99
Life Insurance	1,586.27	1,278.32	12.68	10.61
Asset Management	10.62	74.16	5.53	5.42
General Insurance Broking	2.21	1.88	0.57	0.52
Stock and Securities	43.38	51.17	22.06	28.02
Health Insurance	69.03	48.16	2.92	2.70
Other Financial Services	11.93	24.81	36.60	84.07
Sub-Total	**8,241.33**	**8,449.01**	**3,949.50**	**4,666.45**
Less: Inter-Segment Elimination	(12.61)	(13.91)	(12.61)	(13.91)
Interest Income/Expenses	**8,228.73**	**8,435.10**	**3,936.89**	**4,652.54**
Less: Interest Income/Expense of Joint Venture Companies	10.62	74.16	5.53	5.42
Less: Interest Income/Expense of Life Insurance Policyholders' Business	1,400.37	1,098.49	12.68	10.61
Less: Interest Income/Expense of Health Insurance Policyholders' Business	49.99	33.30	2.92	2.70
Total Interest Income/Expenses	**6,767.74**	**7,229.14**	**3,915.76**	**4,633.81**

₹ crore

Impairment on financial instruments including loss on derecognition of financial assets at amortised cost (Expected Credit Loss)	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
NBFC	681.78	707.07
Housing Finance	87.51	70.06
Life Insurance	0.42	2.26
General Insurance Broking	1.67	1.10
Stock and Securities	0.93	(0.18)
Other Financial Services	0.05	-
Total	**772.36**	**780.31**
Less: Impairment of Life Insurance Policyholders' Business	0.42	2.26
Grand Total	**771.94**	**778.05**

Information about Geographical Segments

₹ crore

Particulars	For the Year Ended	
	31st March 2021	31st March 2020
Revenue by Geographical Market		
In India	20,419.62	17,906.56
Outside India	27.22	20.00
Total	**20,446.84**	**17,926.56**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 49 ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013, FOR CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

₹ crore

Name of the Entity	Net Assets*		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated Profit and Loss	Amount
HOLDING COMPANY								
Aditya Birla Capital Limited	69.50	9,550.98	6.48	73.04	0.98	0.26	6.36	73.30
SUBSIDIARY COMPANIES								
Aditya Birla PE Advisors Private Limited	0.03	4.52	(0.12)	(1.33)	0.71	0.19	(0.10)	(1.14)
Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	(0.26)	(35.73)	(0.28)	(3.17)	0.49	0.13	(0.26)	(3.04)
Aditya Birla Trustee Company Private Limited	0.00	0.43	0.00	0.02	-	-	0.00	0.02
Aditya Birla Money Limited	0.35	47.88	1.43	15.78	3.12	0.83	1.44	16.61
Aditya Birla Financial Shared Services Limited	0.01	1.27	0.04	0.43	-	-	0.04	0.43
Aditya Birla Finance Limited	64.31	8,837.88	68.25	768.83	(34.24)	(9.10)	65.89	759.73
Aditya Birla Insurance Brokers Limited	0.74	101.36	4.70	52.97	0.94	0.25	4.62	53.22
Aditya Birla Money Mart Limited	0.67	92.37	0.08	0.90	(0.08)	(0.02)	0.08	0.88
Aditya Birla Money Insurance Advisory Services Limited	0.05	6.75	0.32	3.64	(0.11)	(0.03)	0.31	3.61
Aditya Birla Housing Finance Limited	11.05	1,519.15	12.18	137.23	(3.54)	(0.94)	11.82	136.29
Aditya Birla Health Insurance Company Limited	2.89	396.52	(17.66)	(198.94)	(16.52)	(4.39)	(17.63)	(203.33)
ABCSL Employee Welfare Trust	-	-	-	-	-	-	-	-
ABCAP Trustee Company Private Limited	0.00	0.01	-	ß	-	-	-	ß
Aditya Birla Sun Life Insurance Company Limited	18.34	2,520.57	9.11	102.64	272.10	72.31	15.17	174.95
Aditya Birla Sun Life Pension Management Limited	0.21	29.12	(0.10)	(1.08)	-	-	(0.09)	(1.08)
Aditya Birla Stressed Asset AMC Private Limited	0.15	19.94	0.14	1.59	0.11	0.03	0.14	1.62
Aditya Birla Special Situation Fund -1	0.59	81.17	0.24	2.73	-	-	0.24	2.73
Aditya Birla ARC Limited (Consolidated)	0.92	126.15	2.13	24.01	0.08	0.02	2.08	24.03
JOINT VENTURES								
Aditya Birla Sun Life AMC Limited (Consolidated including Foreign Subsidiary)	6.33	869.30	23.83	268.40	2.80	0.74	23.34	269.14
Aditya Birla Wellness Private Limited	0.07	9.62	(0.01)	(0.07)	0.08	0.02	0.00	(0.05)
Aditya Birla Sun Life Trustee Private Limited	0.005	0.64	0.01	0.06	-	-	0.01	0.06
Eliminations/Consolidation Adjustments	(75.95)	(10,437.31)	(10.75)	(121.14)	(127)	(33.73)	(13.43)	(154.87)
Total	**100**	**13,742.58**	**100**	**1,126.54**	**100**	**26.57**	**100**	**1,153.11**

Notes:

** Net Assets = Total Assets - Total Liabilities*

Notes

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Additional Information Pursuant to Schedule III of the Companies Act, 2013, for Consolidated Financial Statements for the Year Ended 31st March 2020

₹ crore

Name of the Entity	Net Assets*		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated Profit and Loss	Amount
HOLDING COMPANY								
Aditya Birla Capital Limited	75.20	9,456.72	3.25	29.85	(1.90)	(0.46)	3.11	29.39
SUBSIDIARY COMPANIES								
Aditya Birla PE Advisors Private Limited	0.05	5.67	(0.61)	(5.60)	(0.29)	(0.07)	(0.60)	(5.67)
"Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)"	(0.26)	(32.69)	(2.04)	(18.76)	(0.25)	(0.06)	(1.99)	(18.82)
Aditya Birla Trustee Company Private Limited	0.00	0.40	0.00	(0.01)	-	-	0.00	(0.01)
Aditya Birla Money Limited	0.25	31.27	1.30	11.99	(3.81)	(0.92)	1.17	11.07
Aditya Birla Financial Shared Services Limited	0.01	0.83	0.05	0.43	-	-	0.05	0.43
Aditya Birla Finance Limited	64.24	8,078.15	87.52	804.95	(64.69)	(15.64)	83.62	789.31
Aditya Birla Insurance Brokers Limited	0.57	71.23	3.37	30.97	(1.36)	(0.33)	3.25	30.64
Aditya Birla Money Mart Limited	0.73	91.50	0.67	6.18	-	-	0.65	6.18
Aditya Birla Money Insurance Advisory Services Limited	0.02	3.14	0.28	2.54	0.08	0.02	0.27	2.56
Aditya Birla Housing Finance Limited	11.00	1,382.86	11.16	102.65	(33.13)	(8.01)	10.03	94.64
Aditya Birla Health Insurance Company Limited	2.23	279.85	(26.41)	(242.93)	59.23	14.32	(24.22)	(228.61)
ABCSL Employee Welfare Trust	-	-	-	ß	-	-	-	ß
ABCAP Trustee Company Private Limited	-	-	-	(0.01)	-	-	-	(0.01)
Aditya Birla Sun Life Insurance Company Limited	18.65	2,345.62	11.65	107.13	370.05	89.47	20.83	196.60
Aditya Birla Sun Life Pension Management Limited	0.21	26.20	(0.41)	(3.76)	-	-	(0.40)	(3.76)
Aditya Birla ARC Limited (Consolidated)	0.81	102.12	0.72	6.58	(0.08)	(0.02)	0.69	6.56
Aditya Birla Stressed Asset AMC Private Limited	0.15	18.32	0.40	3.69	(0.08)	(0.02)	0.39	3.67
Aditya Birla Special Situation Fund -1	0.25	31.45	1.40	12.92	-	-	1.37	12.92
JOINT VENTURES								
Aditya Birla Sun Life AMC Limited (Consolidated including Foreign Subsidiary)	5.34	671.55	27.41	252.15	1.60	0.39	26.75	252.54
Aditya Birla Wellness Private Limited	0.08	9.66	(0.14)	(1.32)	(0.12)	(0.03)	(0.14)	(1.35)
Aditya Birla Sun Life Trustee Private Limited	-	0.58	0.01	0.10	0.00	-	0.01	0.10
Eliminations/Consolidation Adjustments	(79.51)	(9,998.64)	(19.57)	(179.96)	(225.25)	(54.46)	(24.83)	(234.42)
Total	**100**	**12,575.79**	**100**	**919.78**	**100**	**24.18**	**100**	**943.96**

Notes:

** Net Assets = Total Assets - Total Liabilities*

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 50 MATERIAL PARTLY OWNED SUBSIDIARIES

(1) Financial information of Subsidiaries that have material Non-Controlling Interest is provided below

(A) Aditya Birla Sun Life Insurance Company Limited

₹ crore

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest As at 31st March 2021	Proportion of Ownership Interest As at 31st March 2020
Aditya Birla Sun Life Insurance Company Limited including Aditya Birla Sun Life Pension Management Limited (100% subsidiary of Aditya Birla Sun Life Insurance Company Limited)	India	51.00%	51.00%

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Proportion of Interest Held by Non-Controlling Entities	49.00%	49.00%
Accumulated Balances of Non-Controlling Interest	1,237.59	1,145.15
Summarised Financial information for Balance Sheet		
Current Assets	8,402.00	7,952.45
Non-Current Assets	47,614.41	36,511.81
Current Liabilities	4,170.51	3,041.62
Non-Current Liabilities	49,296.21	39,050.83

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Profit/(Loss) allocated to material Non-Controlling Interest:	49.77	50.65
Summarised Financial information for the Statement of Profit and Loss		
Revenue from Operations	10,379.28	7,791.52
Profit for the Year	101.57	103.37
Other Comprehensive Income	72.31	89.47
Total Comprehensive Income	173.87	192.84
Summarised Financial information for Cash Flows		
Cash Flows from Operating Activities	3,048.49	309.51
Cash Flows from Investing Activities	(3,333.06)	(464.03)
Cash Flows from Financing Activities	99.35	(48.80)
Net Increase/(Decrease) in Cash and Cash Equivalents	(185.22)	(203.32)

(B) Aditya Birla Insurance Brokers Limited

₹ crore

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest As at 31st March 2021	Proportion of Ownership Interest As at 31st March 2020
Aditya Birla Insurance Brokers Limited	India	50.002%	50.002%

Notes

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₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Proportion of Interest Held by Non-Controlling Entities	49.998%	49.998%
Accumulated Balances of Non-Controlling Interest	40.68	29.41
Summarised Financial information for Balance Sheet		
Current Assets	171.42	99.93
Non-Current Assets	77.00	94.66
Current Liabilities	130.22	115.29
Non-Current Liabilities	16.84	8.07

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Profit/(Loss) Allocated to Material Non-Controlling Interest:	22.69	11.57
Dividend Paid to Non-Controlling Interest	11.54	8.95
Summarised Financial information for the Statement of Profit and Loss		
Revenue from Operations	591.28	514.63
Profit for the Year	52.97	30.97
Other Comprehensive Income	0.25	(0.33)
Total Comprehensive Income	53.22	30.64
Summarised Financial information for Cash Flows		
Cash Flows from Operating Activities	75.26	17.02
Cash Flows from Investing Activities	(48.70)	5.00
Cash Flows from Financing Activities	(26.48)	(21.73)
Net Increase/(Decrease) in Cash and Cash Equivalents	0.08	0.29

(C) Aditya Birla Health Insurance Co. Limited

₹ crore

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest As at 31st March 2021	Proportion of Ownership Interest As at 31st March 2020
Aditya Birla Health Insurance Company Limited	India	51.00%	51.00%

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Proportion of Interest Held by Non-Controlling Entities	49.00%	49.00%
Accumulated Balances of Non-Controlling Interest	194.29	137.10
Summarised Financial information for Balance Sheet		
Current Assets	335.21	260.65
Non-Current Assets	1,196.22	815.53
Current Liabilities	1,102.63	770.36
Non-Current Liabilities	32.28	25.97

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Profit/(Loss) Allocated to Material Non-Controlling Interest:	(97.48)	(119.03)
Summarised Financial information for the Statement of Profit and Loss		
Revenue from Operations	1,200.96	802.60
Profit for the Year	(198.94)	(242.93)
Other Comprehensive Income	(4.39)	14.32
Total Comprehensive Income	(203.33)	(228.61)
Summarised Financial information for Cash Flows		
Cash Flows from Operating Activities	72.44	13.87
Cash Flows from Investing Activities	(366.60)	(345.57)
Cash Flows from Financing Activities	310.50	344.53
Net Increase/(Decrease) in Cash and Cash Equivalents	16.34	12.83

NOTE: 51 INTEREST IN JOINT VENTURES AND ASSOCIATES

(1) Below are the Joint Ventures of the Group which, in the opinion of the Management, are material to the Group which have been accounted as per Equity Method of Accounting.

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest		Quoted Fair Value	
		As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
Aditya Birla Sun Life AMC Limited (Consolidated)	India	51.00%	51.00%	-*	-*

** Unlisted Equity - No quoted price available*

(i) Aditya Birla Sun Life AMC Limited ("ABSAMC") was incorporated on 5th September 1994. ABSAMC is a joint venture between the Aditya Birla Group and the Sun Life Financial, Inc. The share capital of the Company is owned by Aditya Birla Capital Limited (subsidiary of Grasim Industries Limited), and Sun Life (India) AMC Investments Inc., (wholly owned subsidiary of Sun Life Financial, Inc.)

The Company is registered with Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996, and the principal activity is to act as an investment manager to Aditya Birla Sun Life Mutual Fund. The Company manages the investment portfolios of Aditya Birla Sun Life Mutual Fund, India Advantage Fund Ltd., Mauritius, India Excel (Mauritius) Fund and Aditya Birla Real Estate Fund . The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993, and provides portfolio management services and investment advisory services to offshore funds and high net worth investors. Aditya Birla Sun Life AMC Limited has set-up two Alternate Investment Funds (AIF), one under Category III and the other under Category II with Securities Exchange Board of India (SEBI) under the SEBI AIF Regulations, 2012. Aditya Birla Sun Life AMC Limited has been appointed as an Investment Manager of the said AIF by the Trustee to the Fund.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

(2) Summarised Financial information of material Joint Ventures and Associates

a) Summarised Balance Sheet

₹ crore

Aditya Birla Sun Life AMC Limited (Consolidated)	As at 31st March 2021	As at 31st March 2020
Current Assets		
Cash and Cash Equivalents	56.53	46.61
Other Assets	1,633.49	1,173.55
Total Current Assets	**1,690.02**	**1,220.16**
Total Non-Current Assets	**294.53**	**351.80**
Current Liabilities		
Financial Liabilities (excluding Trade Payables)	69.27	64.99
Other Liabilities	74.61	92.19
Total Current Liabilities	**143.88**	**157.18**
Non-Current Liabilities		
Other Liabilities	136.06	97.90
Total Non-Current Liabilities	**136.06**	**97.90**
Net Assets	1,704.61	1,316.88
Group Share in %	51.00%	51.00%
Group Share in INR	869.35	671.61
Carrying Amount	**869.35**	**671.61**

b) Summarised Statement of Profit and Loss

Aditya Birla Sun Life AMC Limited (Consolidated)

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Revenue from Operations	1,201.65	1,234.56
Depreciation and Amortisation Expenses	37.44	36.52
Income Tax Expense	169.60	166.33
Profit from Continuing Operations	526.28	494.40
Profit for the Year	526.28	494.40
Group Share	268.40	252.15
Other Comprehensive Income	1.46	(0.17)
Group Share	0.74	(0.08)
Total Comprehensive Income	527.74	494.24
Group Share	269.15	252.06
Dividend Received	71.40	168.30

(3) Commitments and Contingent Liabilities in respect of Joint Ventures and Associates

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Group Share in Commitments in respect of Joint Ventures and Associates not being included in Note No. 41	0.70	1.49
Group Share in Contingent Liabilities in respect of Joint Ventures and Associates not being included in Note No. 40	17.18	13.75

(4) Individually immaterial Joint Venture Companies

The Group also has interest in number of individually immaterial Joint Ventures and Associates that are accounted for using Equity Method of Accounting. Below is the combined financial information with respect to those entities.

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Aggregate carrying amount of individually immaterial Joint Venture Companies	10.26	10.24

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Aggregate Amount of the Group Share of:		
Profit/(Loss) from Continuing Operations	0.01	(1.22)
Other Comprehensive Income	0.02	(0.03)

(5) As per the Shareholders' agreements, Aditya Birla Sun Life AMC Limited (ABSAMC), Aditya Birla Sun Life Trustee Private Limited and Aditya Birla Wellness Limited cannot distribute their profits until they obtain consent from other venture partners.

(6) Aditya Birla Capital Limited holds either directly or through its subsidiary, more than half of the equity share holding in following entities. However, as per the Shareholders' agreement/statute, the Company needs to jointly decide with other Shareholders of the respective entity on certain relevant activities. Hence, the same are being accounted as per equity method of accounting.

a) Aditya Birla Sun Life AMC Limited

b Aditya Birla Sun Life Trustee Private Limited

c) Aditya Birla Wellness Private Limited.

NOTE: 52 ANNEXURE 1: ASSETS AND LIABILITIES OF THE POLICYHOLDERS OF LIFE INSURANCE BUSINESS

₹ crore

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
Assets			
Financial Assets			
(a) Cash and Cash Equivalents	(i)	250.31	436.69
(b) Bank Balances other than (a) above	(i)(a)	0.25	0.25
(c) Derivative Financial Instruments	(x)	23.77	7.40
(d) Trade Receivables	(ii)	224.73	358.76
(e) Loans	(iii)	286.19	207.64
(f) Investments of Policyholders'	(iv)	23,011.02	16,669.26
(g) Assets Held to Cover Linked Liabilities	(v)	27,969.19	22,828.79
(h) Other Financial Assets	(vi)	1,155.03	1,032.34
Sub-Total		**52,920.49**	**41,541.12**
Non-Financial Assets			
(a) Property, Plant and Equipment	(vii)	26.14	32.14
(b) Right-to-Use of Assets		140.14	134.09
(c) Capital Work-in-Progress		0.74	0.79
(d) Intangible Assets Under Development		10.23	5.98
(e) Other Intangible Assets	(viii)	67.59	67.62
(f) Other Non-Financial Assets	(ix)	134.14	107.21
Sub-Total		**378.98**	**347.83**
Total Assets of Policyholders of Life Insurance Business		**53,299.47**	**41,888.95**
Equity and Liabilities			
Financial Liabilities			
(a) Trade Payables			
- Micro Enterprises and Small Enterprises		0.42	-
- Credit other than Micro Enterprises and Small Enterprises	(xi)	365.89	230.25
(b) Subordinated Liabilities		149.94	-
(c) Lease Liabilities		154.46	147.10
(d) Life Insurance Contract Liabilities and Restricted Surplus pertaining to Shareholders	(xiv)	51,865.76	40,873.91
(e) Other Financial Liabilities	(xii)	727.81	705.25
Sub-Total		**53,264.28**	**41,956.51**
Non-Financial Liabilities			
(a) Provisions	(xiii)	97.44	70.85
(b) Deferred Tax Liabilities (Net)		33.80	22.14
(c) Other Non-Financial Liabilities	(xv)	47.93	39.78
Sub-Total		**179.17**	**132.77**
Total Liabilities of Policyholders of Life Insurance Business		**53,443.45**	**42,089.28**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (i): Cash and Cash Equivalents

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Cash on Hand	2.87	5.54
Balances with Banks		
- Current Accounts	3.64	308.67
- Deposit with original maturity of less than three months	185.04	115.42
Cheques/Drafts on Hand	58.76	7.06
	250.31	**436.69**

Note(i)(a): Bank Balances other than the above

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Balances at Banks		
- Deposit with original maturity of more than three months	0.25	0.25
	0.25	**0.25**

Note (ii): Trade Receivables

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Trade Receivables at Amortised Cost		
Secured, Considered Good	-	-
Unsecured, Considered Good	224.73	358.76
	224.73	**358.76**

Note (iii): Loans at Amortised Cost

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Loans and Advances:		
Subsidiaries	0.41	0.96
Other Related Parties	1.36	2.33
Agents' Balances (Gross)	1.64	8.96
Less: Provision for Doubtful Debts	(0.64)	(6.34)
Advances recoverable in cash or in kind or for value to be received	68.42	35.34
Lease Accommodation Loans	0.04	0.10
Loans Against Policies	214.96	166.29
	286.19	**207.64**
Secured		
Secured by Tangible Assets	214.95	166.29
Unsecured	71.24	41.35
	286.19	**207.64**
Loans within India		
Public Sectors	-	-
Others	286.19	207.64
	286.19	**207.64**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (iv): Financial Assets - Investments of Policyholders

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
A. Investments in Mutual Funds		
Quoted Investments		
Quoted Investments - at Fair Value through Profit or Loss	1.51	176.54
B. Investments in Equity Instruments		
Quoted Investments		
At Fair Value through Profit or Loss	1,089.37	921.66
	1,089.37	**921.66**
C. Investments in Government or Trust Securities		
Quoted Investments		
At Amortised Cost	8,972.89	6,805.54
At Fair Value through Other Comprehensive Income	2,864.09	1,928.58
	11,836.98	**8,734.12**
D. Investments in Debentures		
Quoted Investments		
At Amortised Cost	5,645.48	3,953.29
Less: Allowance for Impairment Loss	3.52	3.11
	5,641.96	**3,950.18**
At Fair Value through Other Comprehensive Income	3,285.49	2,519.24
Less: Allowance for Impairment Loss	2.30	2.38
	3,283.19	**2,516.86**
	8,925.15	**6,467.04**
E. Other Investments		
Unquoted Investments		
At Amortised Cost	759.85	220.52
Less: Allowance for Impairment Loss	0.01	-
	759.84	**220.52**
At Fair Value through Other Comprehensive Income	398.23	149.39
Less: Allowance for Impairment Loss	0.06	-
	398.17	**149.39**
	1,158.01	**369.91**
	23,011.02	**16,669.26**

Note (v): Assets Held to Cover Linked Liabilities:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Quoted Investments at Fair Value through Profit or Loss		
Mutual Funds	497.86	773.58
Equity Instruments	10,716.52	7,034.44
Government or Trust Securities	7,222.11	5,491.96
Debentures	7,590.61	7,285.04
Other Investments	1,801.30	2,008.49
Other Assets	120.60	123.26
Unquoted Investments at Fair Value through Profit or Loss		
Other Investments	20.19	112.02
	27,969.19	**22,828.79**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (vi): Other Financial Assets

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Security Deposits	46.04	52.22
Unclaimed Maturity Fund	294.43	293.65
Re-Insurance Assets	816.90	688.58
Less: Provision for Doubtful Debts	(2.35)	(2.35)
Others	0.01	0.24
	1,155.03	**1,032.34**

Note (vii): Property, Plant and Equipment

₹ crore

	Information Technology Equipment	Leasehold Improvement	Furniture and Fixtures	Vehicles	Office Equipments	Total
As at 31st March 2021						
Gross Carrying Amount						
Opening Gross Carrying Amount	21.95	8.57	7.52	8.28	4.88	51.20
Additions	1.71	0.98	1.10	0.18	1.15	5.12
Disposals	2.15	1.32	0.54	1.14	0.68	5.83
	21.51	**8.23**	**8.08**	**7.32**	**5.35**	**50.49**
Accumulated Depreciation						
Opening Depreciation	8.18	3.73	2.78	3.28	1.09	19.06
Depreciation for the Year	4.74	1.85	0.69	1.89	1.59	10.76
Disposals	2.13	1.20	0.44	1.05	0.65	5.47
	10.79	**4.38**	**3.03**	**4.12**	**2.03**	**24.35**
Net Carrying Amount	**10.72**	**3.85**	**5.05**	**3.20**	**3.32**	**26.14**
As at 31st March 2020						
Gross Carrying Amount						
Opening Gross Carrying Amount	18.32	8.85	7.03	7.23	4.35	45.78
Additions	3.97	1.46	1.31	2.64	1.60	10.98
Disposals	0.34	1.74	0.82	1.59	1.07	5.56
	21.95	**8.57**	**7.52**	**8.28**	**4.88**	**51.19**
Accumulated Depreciation						
Opening Depreciation	3.77	3.02	2.18	1.98	0.44	11.39
Depreciation for the Year	4.73	2.16	1.23	1.89	1.69	11.70
Disposals	0.32	1.45	0.63	0.59	1.04	4.03
	8.18	**3.73**	**2.78**	**3.28**	**1.09**	**19.06**
Net Carrying Amount	**13.77**	**4.84**	**4.74**	**5.00**	**3.79**	**32.14**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (viii): Intangible Assets

₹ crore

Software	Amount
As at 31st March 2021	
Gross Carrying Amount	
Opening Gross Carrying Amount	125.15
Additions	26.86
Disposals	-
	152.01
Accumulated Amortisation	
Opening Amortisation	57.53
Amortisation for the Year	26.89
Disposals	-
	84.42
Net Carrying Amount	**67.59**
As at 31st March 2020	
Gross Carrying Amount	
Opening Gross Carrying Amount	98.64
Additions	27.39
Disposals	0.88
	125.15
Accumulated Amortisation	
Opening Amortisation	37.21
Amortisation for the Year	21.02
Disposals	0.70
	57.53
Net Carrying Amount	**67.62**

Note: All intangibles are other than internally generated.

Note (ix): Other Non-Financial Assets

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Capital Advances	0.14	0.62
Prepaid Expenses	25.10	20.55
Deferred Acquisition cost	3.90	5.57
Leave Encashment Fund	37.93	33.10
Gratuity Fund	50.27	39.71
Advances to Suppliers	13.63	3.33
Other Statutory Receivables	3.10	4.20
Advances to Employees	-	0.07
SCWF Fund	0.07	0.06
	134.14	**107.21**

Note (x): Derivative Financial Instruments

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Interest Rate Derivatives (Cash Flow Hedges)	**23.77**	**7.40**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (xi): Trade Payables

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Dues to Micro and Small Enterprises	0.42	-
Dues to Others:	365.89	230.25
	366.31	**230.25**

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2021 (₹ Nil as at 31st March 2020). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Terms and Conditions of the above Financial Liabilities:

i) Trade payables are non-interest bearing and are normally settled on 60-90 day terms.

ii) Other payables are non-interest bearing and have an average term of six months.

Note (xii): Financial Liabilities

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
At Amortised Cost		
Payable for Salary, Wages, Bonus and other Employee Benefits	32.63	24.69
Payables for Capital Expenditure	-	0.40
Due to Policyholders	378.50	375.34
Unclaimed Amounts of Policyholders	294.34	293.25
Deposits	0.88	0.88
Subvention Money Received	3.87	3.94
MTM - FRA	17.59	6.75
	727.81	**705.25**

Note (xiii): Provisions

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for Employee Benefits	97.44	70.85
	97.44	**70.85**

Note (xiv): Life Insurance Contract Liabilities and Restricted Surplus pertaining to Shareholders

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Contract Liabilities of Life Insurance		
Insurance Contract Liabilities	36,871.88	29,150.56
Investment Contract Liabilities	14,383.02	11,471.84
Fair Value Changes of Policyholders' Investments		
Fair Value through Profit and Loss	173.70	(120.45)
Fair Value through Other Comprehensive Income	405.06	357.69
Policyholder Fund Other Changes		
Fair Value through Profit and Loss	13.55	29.04
Fair Value through Other Comprehensive Income	27.26	(5.97)
Amortised Cost (Others)	(8.71)	(8.80)
	51,865.76	**40,873.91**

Notes

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Note (xv): Other Non-Financial Liabilities

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Advance from Customers	11.02	8.17
Other Payables		
Deferred Fees	1.90	2.70
Statutory Dues	34.49	28.34
Deposits for Agents Training and others	0.26	0.57
Payables to Employees	0.26	-
	47.93	**39.78**

Note (xvi): Income from Life Insurance Operations

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
Life Insurance Premium (Net of Service Tax/GST)		8,653.99	6,848.11
Reinsurance Ceded		(292.94)	(252.17)
Fees and Commission Income		0.80	1.07
Interest Income	(xvi)A	1,400.37	1,098.49
Dividend Income		22.42	24.40
Fair Value Change	(xvi)B	395.97	(120.01)
Other Income	(xvi)C	13.30	2.04
		10,193.91	**7,601.93**

Note (xvi)A: Interest Income of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest on Loans		
On Financial Assets Measured at Amortised Cost	17.83	15.75
Interest Income from Investments		
On Financial Assets Measured at Fair Value through OCI	403.34	340.14
On Financial Assets Measured at Amortised Cost	944.64	712.32
On Financial Assets Classified at Fair Value through Profit or Loss	12.60	17.67
Interest on Deposits with Banks		
On Financial Assets Measured at Fair Value through OCI	0.18	0.13
On Financial Assets Measured at Amortised Cost	4.20	3.73
Other Interest Income		
On Financial Assets Measured at Amortised Cost	17.58	8.75
	1,400.37	**1,098.49**

Notes

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Note (xvi)B: Net Gain/(Loss) on Fair Value Changes of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
A. On Financial Instruments at Fair Value through Profit or Loss		
On Trading Portfolio		
Debt	(2.31)	39.45
Equity	413.36	(164.82)
Derivatives	(23.55)	(18.92)
B. On Financial Instruments at Fair Value through Other Comprehensive Income		
Debt	7.23	8.76
C. On Financial Instruments at Amortised Cost		
Debt	1.24	15.52
Total Net Gain/(Loss) on Fair Value Changes	**395.97**	**(120.01)**
Fair Value Changes:		
Realised	62.69	41.28
Unrealised	333.28	(161.29)

Note (xvi)C: Other Income of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Changes in Market Value of Leave Encashment Fund	10.56	1.78
Notional Interest Income	(1.13)	0.18
Deferred Lease Income on Refundable Deposits	-	0.06
Profit on Sale/Discard of Fixed Assets (Net)	0.14	-
Others	0.75	0.02
Rent Concession	2.87	-
Sub-Lease Rent Income	0.11	-
	13.30	**2.04**

Note (xvii): Expense of the Life Insurance Operations

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
Finance Cost	(xvii)A	12.68	10.61
Fees and Commission Expenses		498.43	452.05
Impairment on Financial Instruments	(xvii)B	0.42	2.26
Employee Benefits Expenses	(xvii)C	697.04	705.33
Benefits Payout	(xvii)D	4,424.81	5,158.72
Claims Ceded to Reinsurers		(321.31)	(232.03)
Change in Valuation of Liabilities	(xvii)E	3,873.78	1,085.10
Depreciation and Amortisation Expenses	(xvii)F	73.60	72.32
Other Expenses	(xvii)G	629.03	533.64
		9,888.48	**7,788.00**
Add: Restricted Life Insurance Surplus Retained in Policyholders' Fund		280.97	(183.38)
		10,169.45	**7,604.62**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Note (xvii)A: Finance Cost of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest on Deposits at Amortised Cost	-	0.07
Finance Cost - Lease Liabilities	12.68	10.54
	12.68	**10.61**

Note (xvii)B: Impairment on Financial Instruments of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Provision for Doubtful Investments	0.39	2.28
Provision for Standard and Non-Standard Assets	(0.02)	(0.02)
Provision for Doubtful Debts (Agent Balances)	0.05	-
	0.42	**2.26**

Note (xvii)C: Employee Benefits Expenses of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Salaries, Wages and Bonus	650.64	649.69
Contribution to Provident and Other Funds	31.57	33.74
Gratuity Expenses	4.47	4.11
Staff Welfare Expenses	8.09	12.79
ESOP Expenses	2.27	5.00
	697.04	**705.33**

Note (xvii)D: Benefits Payouts of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Claims by Death	780.28	541.09
Claims by Maturity	1,115.09	1,350.26
Annuities/Pension Payments	16.21	11.71
Surrender and Withdrawals	2,358.33	3,170.79
Other Benefits (Riders)	154.90	84.87
	4,424.81	**5,158.72**

Note (xvii)E: Change In Valuation of Liabilities in Respect of Life Insurance Policies in Force of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Changes in Valuation of Liabilities in respect of Life Insurance Policies	9,906.28	262.34
Changes in Premium Discontinuance Funds	275.90	86.68
Investments (Income)/Loss on Life Insurance Policyholders' Fund related to Linked Business	(6,308.40)	736.08
	3,873.78	**1,085.10**

Notes

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Note (xvii)F: Depreciation and Amortisation Expenses of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Depreciation of Property, Plant and Equipment (Note No. 3A)	10.76	11.70
Amortisation of Intangible Assets (Note No. 3B)	26.89	21.03
Amortisation of Lease Assets	35.95	39.59
	73.60	**72.32**

Note (xvii)G: Other Expenses of Life Insurance Operations

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rent	2.11	2.86
Repairs and Maintenance of:		
Buildings	1.87	5.10
Others	16.56	24.03
Rates and Taxes	33.95	29.67
Electricity Expenses	9.86	12.61
Advertisements	283.94	185.68
Distribution Expenses	41.13	27.15
Legal and Profession Fees	12.32	10.64
Printing and Stationery	3.18	4.97
Travelling and Conveyance	7.70	23.68
Communication Expenses	7.63	8.89
Information Technology Expenses	71.51	68.89
Miscellaneous Expenses	83.75	80.17
Other Expenses	53.52	49.30
	629.03	**533.64**

NOTE: 53 POLICYHOLDERS' INCOME FROM HEALTH INSURANCE OPERATIONS

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
Health Insurance Premium	(i) A	1,300.64	872.04
Reinsurance Ceded	(i) A	(301.36)	(177.44)
Fees and Commission Income		114.29	54.52
Interest Income	(i) B	49.98	33.30
Net Gain on Fair Value Changes	(i) C	13.36	2.37
Other Income		1.96	0.37
		1,178.87	**785.16**

Note (i) A: Health Insurance Premium

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Gross Written Premium	1,300.64	872.04
Less: Reinsurance Ceded	(301.36)	(177.44)
Net Written Premium	**999.28**	**694.60**

Notes

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Note (i) B: Interest Income

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Interest Income from Investments		
On Financial Assets Measured at Fair Value through Other Comprehensive Income	49.84	33.22
Interest on Deposits with Banks		
On Financial Assets Measured at Amortised Cost	0.14	0.08
	49.98	**33.30**

Note (i) C: Net Gain on Fair Value Changes

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Others		
Gain/(Loss) on Sale of Debt FVTOCI Instruments	13.36	2.37
Net Gain on MTM/Fair Value Changes	**13.36**	**2.37**
Fair Value Changes:		
Realised	13.36	2.37
Unrealised	-	-
	13.36	**2.37**

EXPENSES OF THE HEALTH INSURANCE OPERATIONS

₹ crore

Particulars	Note No.	Year Ended 31st March 2021	Year Ended 31st March 2020
Fees and Commission Expenses		160.56	102.68
Employee Benefits Expenses	(ii) A	323.31	268.10
Benefits Paid	(ii) B	428.26	291.26
Claims Ceded to Reinsurers	(ii) B	(86.70)	(40.95)
Changes in Valuation of Liabilities	(ii) C	220.09	130.54
Depreciation and Amortisation Expenses	(ii) D	35.01	29.43
Finance Cost		2.92	2.70
Other Expenses	(ii) E	307.87	252.08
		1,391.32	**1,035.84**

Note (ii) A: Employee Benefits Expenses

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Salaries and Allowances	311.58	252.64
Gratuity Expenses	1.71	1.04
Contributions to Provident Fund and other funds	8.46	7.51
Staff Welfare Expenses	1.24	6.28
ESOP Expenses	0.32	0.63
	323.31	**268.10**

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Note (ii) B: Benefits and Claims Paid

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Gross Benefits and Claims Paid	428.26	291.26
Less: Claims Ceded to Reinsurers	(86.70)	(40.95)
	341.56	**250.31**

Note (ii) C: Changes In Valuation of Policyholders' Liabilities

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Incurred but not reported (IBNR) Provisions	68.04	21.35
Reserve for unexpired risk	213.71	183.95
Less: Reinsurers', share in reserve for unexpired risk	(62.20)	(74.28)
Freelook Reserve	0.54	(0.48)
	220.09	**130.54**

Note (ii) D: Depreciation and Amortisation Expenses

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Depreciation on Property, Plant and Equipment	8.61	7.28
Amortisation on Intangible Assets	17.18	12.24
Amortisation of Lease Assets	9.22	9.91
	35.01	**29.43**

Note (ii) E: Other Expenses

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rent	0.85	1.54
Insurance	0.12	0.08
Repairs and Maintenance - Buildings	2.09	0.04
Repairs and Maintenance - Computers	0.30	0.40
Rates and Taxes	0.80	1.45
Recruitment Expenses	1.44	5.21
Advertisements	211.65	128.69
Legal and Professional Expenses	8.42	9.41
Training/Conference Expenses	(3.06)	10.55
Printing and Stationery	5.58	8.54
Travelling and Conveyance	3.09	14.35
Postage Expenses	1.69	2.43
Electricity Charges	1.54	2.37
Information Technology Expenses	11.98	8.29
Miscellaneous Expenses	61.38	58.73
	307.87	**252.08**

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NOTE: 54 FAIR VALUES

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

₹ crore

Particulars	As at 31st March 2021		As at 31st March 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets related to Life Insurance Business	15,374.69	16,407.27	10,976.24	11,960.96
Financial Assets related to Health Insurance Business	-	-	8.31	8.31
Loans of NBFC Business	47,597.43	47,104.49	45,985.35	45,616.51
Total	**62,972.12**	**63,511.76**	**56,969.90**	**57,585.78**
Financial Liabilities at Amortised Cost				
Debt Securities	18,901.33	19,724.85	20,264.40	20,817.69
Borrowings other than Debt Securities	31,131.63	31,131.75	33,030.30	33,030.38
Subordinate Liabilities	2,642.02	2,751.58	2,335.11	2,267.57
Total	**52,674.98**	**53,608.18**	**55,629.81**	**56,115.64**

Loans to customers of HFC Business are primarily at floating rate of interest, hence carrying value approximates the fair value.

The Management assessed that Loans against policies, leave encashment, advances to related party and others, security deposits, cash and cash equivalents, trade receivables, trade payables, bank overdrafts, and other current financial liabilities and assets, approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial Instruments Measured at Fair Value – Fair Value Hierarchy

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** category includes financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market.
- **Level 2:** category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of the Group's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.
- **Level 3:** category includes financial assets and liabilities measured using valuation techniques based on non-market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, i.e., to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

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Quantitative disclosures Fair Value Measurement Hierarchy for Assets as at 31st March 2021:

Particulars	Level 1	Level 2	Level 3	Total
Assets Measured at Fair Value				
Derivative Assets/(Liabilities) of Life Insurance Business	-	6.18	-	6.18
Re-insurance Assets	-	-	814.55	814.55
FVTOCI Assets				
Equity	-	-	2.11	2.11
Financial Assets related to Life Insurance Business				
Policyholders	2,864.09	3,681.37	-	6,545.46
Shareholders	831.89	1,635.36	0.79	2,468.04
Financial Assets related to Health Insurance Business				
Policyholders	639.70	223.77	-	863.47
Shareholders	271.61	32.99	-	304.60
FVTPL Assets				
Equity	0.37	-	-	0.37
Mutual Funds	-	450.05	-	450.05
Debenture/Bonds	568.93	256.49	51.19	876.61
Government Securities	-	154.21	-	154.21
Other Investments	-	67.13	425.57	492.70
Financial Assets related to Life Insurance Business				
Policyholders	18,507.66	10,431.80	120.60	29,060.06
Shareholders	25.97	104.80	-	130.77
Financial Assets related to Health Insurance Business				
Policyholders	100.09	-	-	100.09
Shareholders	-	-	-	-
	23,810.31	**17,044.15**	**1,414.81**	**42,269.27**
Assets for which Fair Values are disclosed				
Loans of NBFC Business	-	12,984.79	34,119.70	47,104.49
Financial Assets related to Life Insurance Business				
Policyholders	9,548.89	6,858.38	-	16,407.27
Total	**9,548.89**	**19,843.17**	**34,119.70**	**63,511.76**
Liabilities Measured at Fair Value				
Derivative Liabilities	-	33.71	-	33.71
Insurance Contract Liabilities	19,819.98	-	17,051.89	36,871.88
Investment Contract Liabilities	8,147.36	-	6,235.66	14,383.02
Liabilities for which Fair Values are disclosed:				
Debt Securities	322.09	15,921.16	3,481.60	19,724.85
Borrowings (Other than Debt Securities)	-	-	31,131.75	31,131.75
Subordinated Liabilities	-	2,740.58	11.00	2,751.58
Total	**28,289.43**	**18,695.45**	**57,911.90**	**104,896.78**

There have been no transfers between Level 1 and Level 2 during the period.

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Quantitative disclosures Fair Value Measurement Hierarchy for Assets as at 31st March 2020:

Particulars	Level 1	Level 2	Level 3	Total
Assets Measured at Fair Value				
Derivative Assets	-	64.79	-	64.79
Derivative Assets/(Liabilities) of Life Insurance Business	-	0.66	-	0.66
Re-insurance Assets	-	-	686.23	686.23
FVTOCI Assets				
Equity	-	-	1.76	1.76
Financial Assets Related to Life Insurance Business				
Policyholders	1,930.01	2,664.80	-	4,594.81
Shareholders	850.86	1,333.10	0.77	2,184.73
Financial Assets Related to Health Insurance Business				
Policyholders	273.99	288.97	-	562.97
Shareholders	203.65	27.05	-	230.70
FVTPL Assets				
Equity	0.25	-	-	0.25
Mutual Funds	2,508.74	996.65	-	3,505.39
Debentures/Bonds	513.95	90.48	-	604.43
Other Investments	-	92.14	702.45	794.59
Financial Assets Related to Life Insurance Business				
Policyholders	13,626.12	10,177.62	123.26	23,927.00
Shareholders	76.37	198.30	-	274.67
Financial Assets Related to Health Insurance Business				
Policyholders	57.03	-	-	57.03
Shareholders	10.19	-	-	10.19
	20,051.16	**15,934.56**	**1,514.47**	**37,500.19**
Assets for which Fair Values are disclosed				
Loans of NBFC Business	-	8,365.20	37,251.31	45,616.51
Financial Assets Related to Life Insurance Business				
Policyholders	7,409.63	4,551.33	-	11,960.96
Financial Assets Related to Health Insurance Business				
Policyholders	-	8.31	-	8.31
Total	**7,409.63**	**12,924.84**	**37,251.31**	**57,585.78**
Liabilities Measured at Fair Value				
Insurance Contract Liabilities	16,086.36	-	13,064.20	29,150.56
Investment Contract Liabilities	6,738.58	-	4,733.26	11,471.84
Liabilities for which Fair Values are disclosed:				
Debt Securities	173.06	18,042.65	2,601.98	20,817.69
Borrowings (Other than Debt Securities)	-	-	33,030.38	33,030.38
Subordinated Liabilities	-	2,256.57	11.00	2,267.57
Total	**22,998.00**	**20,299.22**	**53,440.82**	**96,738.04**

There have been no transfers between Level 1 and Level 2 during the period.

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Level 3 Fair Value Measurements

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31st March 2021 and 31st March 2020 are as shown below:

Financial Assets/Liabilities Related to Insurance Business	Valuation Techniques	Significant Unobservable Inputs	Range	Sensitivity of the Input to Fair Value
For 31st March 2021				
Private Equity Investment Funds	Price to Book Value Method	Valuation at 10% Discount compare to peer group	0.45	5.7
Private Equity Investment Funds		Valuation at par with peer group	0.5	6.35
Private Equity Investment Funds		Valuation at 10% Premium compare to peer group	0.55	7
For 31st March 2020				
Private Equity Investment Funds	Price to Book Value Method	Valuation at 10% Discount compare to peer group	0.45	5.6
Private Equity Investment Funds		Valuation at par with peer group	0.5	6.2
Private Equity Investment Funds		Valuation at 10% Premium compare to peer group	0.55	6.8

Impact on Fair Value of Level 3 Financial Instruments measured at Fair Value of changes to key assumptions.

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's Level 3 assets and liabilities.

Relationships between unobservable inputs have not been incorporated in this summary.

Financial Assets Related to Other Business	Fair Value		
	Level 3 Assets 31st March 2021	Valuation Technique	Significant Unobservable inputs
Equity Shares	2.11	Net worth of investee Company	Instrument Price
Preference Shares	-	YTM Method	Discount Rate
Others	476.76	Discounted Projected Cash Flow	Expected Gross Recoveries and Discount Rates

Financial Assets Related to Other Business	Fair Value		
	Level 3 Assets 31st March 2020	Valuation Technique	Significant Unobservable Inputs
Equity Shares	1.76	Net worth of investee Company	Instrument Price
Preference Shares	225.51	YTM Method	Discount Rate
Others	476.94	Discounted Projected Cash Flow	Expected Gross Recoveries and Discount Rates

Sensitivity of Fair Value measurements to changes in unobservable market data

₹ crore

Particulars	31st March 2021		31st March 2020	
	Favourable Changes (+5%)	Unfavourable Changes (-5%)	Favourable Changes (+5%)	Unfavourable Changes (-5%)
Equity Shares	0.11	(0.11)	0.09	(0.09)
Preference Shares	-	-	0.43	(0.43)
Others	23.84	(23.84)	23.85	(23.85)

Notes

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Reconciliation of Level 3 Fair Value Instruments for the year ended 31st March 2021

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Balance at the beginning	1,514.47	721.48
Total Gains or Losses	-	-
in Profit or Loss	41.11	14.92
in OCI	0.35	0.03
Purchases	140.29	495.10
Sales	(407.07)	(33.07)
Movement of Other Current Assets	(2.66)	(49.45)
Movement of Re-Insurance Assets	128.32	139.95
Transfers into Level 3	-	225.51
Balance at the year end	**1,414.81**	**1,514.47**

NOTE: 55 RISK RELATED TO INSURANCE BUSINESS

Insurance and Financial Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

1. **Life Insurance Contracts and Investment Contracts with and without Discretionary Participation Feature (DPF)**

   Ind AS 104 requires products offered by the Insurance Group to classify them in Insurance Contract and Investment Contract. Each contract needs to be classified in insurance contract and investment contract based on the risk they carry.

   A contract would be an insurance contract and investment contracts with DPF, if the benefit payable on death is higher by:

   at least 5% of the fund value at any time during the life on the contract for unit-linked products, or

   at 5% of the premium at any time during the life of the contract for other than unit-linked products.

   All other contracts are categorised as Investment Contracts.

   For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party. For contracts without DPF, the Group charges for death and disability risks on a quarterly basis. Under these contracts, the Group has the right to alter these charges to take account of death and disability experience, thereby mitigating the risks to the Group.

   The main risks that the Group is exposed to are as follows:

   i) **Persistency Risk** – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

   ii) **Mortality Risk** – risk of loss arising due to policyholder death experience being different than expected

   iii) **Morbidity Risk** – risk of loss arising due to policyholder health experience being different than expected

   iv) **Longevity Risk** – risk of loss arising due to the annuitant living longer than expected

   v) **Investment Return Risk** – risk of loss arising from actual returns being different than expected

   vi) **Expense Risk** – risk of loss arising from expense experience being different than expected

Notes

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vii) **Product and Pricing Risk** – risk of loss due to incorrect pricing or not adhering to the product regulations or higher payouts due to ambiguity in terms and conditions

viii) **Reinsurance Risk** – The Group enters into reinsurance agreements in order to mitigate insurance risk. However, this leads to default risk from the reinsurer at the time of claim payment or also concentration risk, if all the risk is insured to one reinsurer.

ix) **Concentration Risk** – The Group faces concentration risk by selling business to specific geography or by writing only single line business, etc.

Control Measures

The actuarial department has set up systems to continuously monitor the Group's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal. Many products offered by the Group also have an investment guarantee. The Group has set aside additional reserves to cover this risk.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The Group has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the Group's experience, and so, there are advantages to diversifying across all relevant population segments, at least until data is available to confirm which segments can be expected to have relatively favourable experience. At the present stage in the Group's development, the focus is on building new distribution, and so, geographical diversification is actively taking place. In future, the actuarial team will need to be alert to assess potential risk aggregations.

The Group has a Board approved Risk Management Policy covering underwriting, claims and reserving for policy liabilities. The Group has a detailed claims processing manual in place. Complicated and large claims are referred to the Group's Claims Review Committee.

Life Insurance Contracts Liabilities: Change in Liabilities

₹ crore

Particulars	31st March 2021				31st March 2020			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Gross Liabilities at beginning of the year	3,528.79	16,478.86	9,142.91	29,150.56	2,239.17	19,496.28	7,139.35	28,874.80
Add/(Less)	-	-	-	-	-	-	-	-
Premium	1,406.11	2,285.76	3,667.29	7,359.16	1,368.24	2,128.76	2,821.69	6,318.69
Unwinding of the Discount/Interest Credited	317.72	5,145.50	908.93	6,372.15	223.93	(1,000.35)	726.49	(49.93)
Insurance Liabilities Released	(211.87)	(3,273.45)	(1,235.96)	(4,721.28)	(217.27)	(3,624.33)	(832.10)	(4,673.70)
Others (Expense overrun, Contribution from S/H and Profit/ Loss)	(220.22)	(438.01)	(630.48)	(1,288.71)	(85.28)	(521.50)	(712.52)	(1,319.30)
Gross Liabilities at the end of the year	**4,820.53**	**20,198.66**	**11,852.69**	**36,871.88**	**3,528.79**	**16,478.86**	**9,142.91**	**29,150.56**
Recoverable from Reinsurance	8.73	40.36	765.46	814.55	3.70	49.41	633.12	686.23
Net Liabilities	**4811.80**	**20,158.30**	**11,087.23**	**36,057.33**	**3,525.09**	**16,429.45**	**8,509.79**	**28,464.33**

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Investment Contracts Liabilities

Particulars	31st March 2021				31st March 2020			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	4,504.54	6,744.92	222.38	11,471.84	4,580.15	6,073.23	177.26	10,830.64
Additions								
Premium	1,408.57	909.50	97.99	2,416.06	641.11	984.70	65.48	1,691.29
Interest and Bonus Credited to policyholders	239.59	1,172.09	22.09	1,433.77	208.60	264.27	19.01	491.88
Deductions								
Withdrawals/Claims	334.92	661.70	26.11	1,022.73	1,047.41	600.18	23.00	1,670.59
Fee Income and Other Expenses	6.34	15.07	1.18	22.59	10.07	23.61	1.37	35.05
Other Profit and Loss	(127.95)	1.74	22.01	(104.20)	(132.16)	(45.75)	15.00	(162.91)
Others (includes DAC, DOF and Profit/Loss)	-	(2.47)	-	(2.47)	-	(0.76)	-	(0.76)
At the end of the year	**5,939.39**	**8,150.47**	**293.16**	**14,383.02**	**4,504.54**	**6,744.92**	**222.38**	**11,471.84**

Reinsurance Assets

₹ crore

Particulars	31st March 2021	31st March 2020
At the beginning of the year	686.23	546.28
Add/(Less)		
Premium	292.94	252.17
Unwinding of the Discount/Interest Credited	45.78	38.36
Insurance Liabilities Released	(321.31)	(232.03)
Others (Experience Variations)	110.91	81.45
At the end of the year	**814.55**	**686.23**

Deferred Acquisition Cost

₹ crore

Particulars	Amount
As at 1st April 2019	7.80
Amortisation	(2.23)
As at 31st March 2020	**5.57**
Amortisation	(1.67)
As at 31st March 2021	**3.90**

Insurance Contracts Liabilities: Change in Liabilities of Health Insurance Business

₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Gross Liabilities at the beginning of the year	390.62	260.08
Add/(Less)		
Incurred but not reported Provision	68.04	21.35
Reserve for Unexpired Risk	213.71	183.95
Freelook Reserve	0.54	(0.48)
Recoverable from Re-insurance	(62.20)	(74.28)
Net Liabilities	**610.71**	**390.62**

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Key Assumptions

The assumptions play vital role in calculating Insurance Liabilities for the Group. Material judgement is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, internal data, some judgement and as per guidance notes/actuarial practice standards. However, for the purpose of valuation, an additional level of prudence has been kept on all the best estimate assumptions known as MfAD (margin for adverse deviation). The Group keeps adequate MfAD, as prescribed in APS 7, issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Assumptions can vary by type of product, duration, gender, etc., if the experience of any category is significantly different, and data is credible for the respective category.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

i) **Mortality and Morbidity Rates**

Assumptions are based on historical experience and for new products based on industry/reinsurers data. An appropriate, but not excessive allowance may be made for expected future improvements. Assumptions may vary by type of product, distribution channel, gender, etc.

An increase in mortality/morbidity rates will usually lead to a larger number/amount of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profits for the shareholders.

ii) **Longevity**

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are normally differentiated by gender, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for the shareholders.

iii) **Investment Return and Discount Rate**

The weighted-average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to an increase in profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits, and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on investment strategy of the Group, current industry risk rates, adjusted for the Group's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and, therefore, reduce profits for the shareholders.

iv) **Expenses and Inflation**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation, if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v) **Lapse, Surrender and Partial Withdrawal Rates**

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience, and usually vary by product type, policy duration and sales trends.

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An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

The best estimate assumptions that have the greatest effect on the statement of financial position and statement of profit or loss of the Group are listed below.

Portfolio Assumptions by Type of Business impacting Net Liabilities	Mortality Rates		Investment Return		Lapse and Surrender Rates	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Insurance						
With DPF	87.5% - 223% of IALM 2012-14	67% - 223% of IALM 2012-14	6.95% p.a.	7.10% p.a.	PY1: 10% - 25% PY2: 7.5% - 10% PY3+: 2% (varying by product)	PY1: 12% - 25% PY2: 7.5% - 10% PY3+: 2% (varying by product)
Linked Business	61% of IALM 2012-14	61% of IALM2012-14	a) 9.0% p.a. for assets backing linked liabilities b) 6.5% p.a. for asset backing non-unit liabilities	a) 9.5% p.a. for assets backing linked liabilities b) 6.7% p.a. for asset backing non-unit liabilities	PY1: 10% - 35% PY2: 5% - 25% PY3+: 3% -15% (varying by product and duration)	PY1: 10% - 23% PY2: 5% - 8% PY3+: 3% -15% (varying by product and duration)
Others	20% - 429% of IALM 2012-14	20% - 429% of IALM 2012-14	6.08% - 7.7% pa	6.65%-8% pa	PY1: 0% -40% PY2: 0% - 25% PY3+: 1% -25% (varying by product and duration)	PY1: 0% - 40% PY2: 0% - 25% PY3+: 1% -25% (varying by product and duration)

Portfolio Assumptions by Type of Business impacting Net Liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Insurance						
With DPF	N/A	N/A	422 - 645 Per policy	402-614 Per policy	0.05	0.05
Linked Business	0% - 3% p.a.	0% - 3% p.a.	645 Per policy	614 Per policy	0.05	0.05
Others	N/A	N/A	Max 645 Per policy (varies by product)	Max 614 Per policy (varies by product)	0.05	0.05

Commission scales have been allowed in accordance with the product filing with IRDA.

Sensitivity Analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that the movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivities are same as shared with Regulators during annual reporting.

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₹ crore

Sensitivity Parameters	Current Year				Previous Year			
	Insurance with DPF	Insurance without DPF	Investment with DPF	Investment without DPF	Insurance with DPF	Insurance without DPF	Investment with DPF	Investment without DPF
Lapses Increased by 10%	4,775.24	31,750.83	5,939.41	8,425.78	3,479.56	25,351.61	4,504.56	6,959.50
Lapses Decreased by 10%	4,867.61	32,365.57	5,939.41	8,462.78	3,580.85	25,865.84	4,504.56	6,971.95
Mortality Increased by 10%	4,845.29	32,238.56	5,939.41	8,451.30	3,555.68	25,767.01	4,504.56	6,967.36
Mortality Decreased by 10%	4,795.78	31,869.35	5,939.41	8,435.37	3,502.03	25,478.24	4,504.56	6,967.16
Expenses Increased by 10%	4,869.06	32,302.88	5,939.41	8,472.72	3,609.50	25,995.97	4,504.56	6,992.25
Expenses Decreased by 10%	4,772.34	31,803.94	5,939.41	8,420.08	3,453.79	25,271.47	4,504.56	6,943.11
Interest Rate Increased by 100 bps	4,820.52	31,928.07	5,939.41	8,621.84	3,528.78	25,560.47	4,504.56	7,029.33
Interest Rate Decreased by 100 bps	4,820.52	32,273.25	5,939.41	8,317.58	3,528.78	25,781.75	4,504.56	6,903.10
Inflation Rate Increased by 100 bps	4,892.88	32,255.39	5,939.41	8,467.98	3,612.50	25,943.32	4,504.56	7,000.22
Inflation Rate Decreased by 100 bps	4,765.17	31,731.88	5,939.41	8,426.97	3,464.75	25,376.18	4,504.56	6,940.78

Financial Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. The Group is subject to credit risk in connection with issuers of securities held in our investment portfolio and reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Group to record realised or unrealised losses and increase our provisions for asset default, adversely impacting earnings.

Governance structure, in form of the Investment Committee, and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified, and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal Norms are built in the investment system, which monitors the investment limits and exposure norms on real-time basis.

The policyholders' funds are invested in accordance with regulatory norms, Investment policy, fund objective of unit-linked funds and risk profile of the respective fund in fixed income segment. Majority of the investments are made in the government securities having sovereign rating and debt securities issued by reputed corporate having appropriate rating as per investment Committee.

Derivative financial instrument: The settlement risk, the Group is exposed to is mitigated by an adequate amount of margin money.

Industry Analysis

As on 31st March 2021

₹ crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
1 **FVTOCI Financial Assets**							
Policyholders							
Debt	299.15	2,815.95	-	33.15	214.74	143.98	3,506.97
Government Securities	-	-	3,434.36	20.12	-	49.31	3,503.79
Others	-	74.21	323.95	-	-	-	398.16
Shareholders							
Debt	224.04	907.78	-	17.03	178.78	92.24	1,419.87
Equity	-	106.04	-	-	-	-	106.04
Government Securities	-	-	1,033.32	-	-	28.13	1,061.45
Others	-	14.80	170.49	-	-	-	185.29

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₹ crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
2 Financial Assets at FVTPL							
Policyholders							
Debt	1,278.18	4,799.87	-	224.45	1,119.28	168.83	7,590.61
Equity	1,107.22	3,395.65	-	1,726.84	5,249.98	326.20	11,805.89
Government Securities	-	10.73	7,193.58	-	-	17.80	7,222.11
Mutual Fund Units	-	499.37	-	-	-	100.09	599.46
Others	39.92	417.37	1,364.19	-	-	120.60	1,942.08
Shareholders							
Debt	-	25.97	-	-	-	-	25.97
Equity	-	103.61	-	-	-	-	103.61
Mutual Fund Units	-	1.19	-	-	-	-	1.19
3 Financial Assets at Amortised Cost							
Policyholders							
Debt	1,474.93	3,896.94	-	42.33	207.48	20.28	5,641.96
Government Securities	-	-	8,942.84	30.05	-	-	8,972.89
Others	-	9.69	750.15	-	-	-	759.84
Total Credit Risk Exposure	**4,423.44**	**17,079.17**	**23,212.88**	**2,093.97**	**6,970.26**	**1,067.46**	**54,847.18**

As on 31st March 2020

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
1 FVTOCI Financial Assets							
Policyholders							
Debt	205.95	2,189.33	-	32.89	189.21	188.43	2,805.81
Government Securities	-	-	2,153.50	-	-	49.08	2,202.58
Others	-	1.43	147.96	-	-	-	149.39
Shareholders							
Debt	192.01	864.74	-	17.09	188.35	88.31	1,350.50
Equity	-	44.09	-	-	-	-	44.09
Government Securities	-	-	934.70	-	-	27.55	962.25
Others	-	48.95	9.65	-	-	-	58.60
2 Financial Assets at FVTPL							
Policyholders							
Debt	1,454.39	4,365.58	-	282.10	1,038.56	144.41	7,285.04
Equity	676.49	2,440.11	-	1,187.83	3,496.62	155.05	7,956.10
Government Securities	-	10.43	5,463.47	-	-	18.06	5,491.96
Mutual Fund Units	-	950.13	-	-	-	57.03	1,007.16
Others	-	683.02	1,285.78	-	151.71	123.26	2,243.77
Shareholders							
Debt	-	26.19	-	-	-	-	26.19
Equity	-	198.24	-	-	-	-	198.24
Mutual Fund Units	-	50.25	-	-	-	10.19	60.44
3 Financial Assets at Amortised Cost							
Policyholders							
Debt	745.65	2,933.44	-	42.33	206.40	22.36	3,950.18
Government Securities	-	-	6,805.54	-	-	-	6,805.54
Others	-	-	220.52	-	-	8.31	228.83
Total Credit Risk Exposure	**3,274.49**	**14,805.93**	**17,021.12**	**1,562.24**	**5,270.85**	**892.04**	**42,826.67**

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Credit Exposure by Credit Rating

As on 31st March 2021

₹ crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
1 **FVTOCI Financial Assets**								
Policyholders								
Debt	-	-	3,229.16	21.40	-	242.22	14.19	3,506.97
Government Securities	-	3,434.36	69.43	-	-	-	-	3,503.79
Others	6.29	323.95	67.92	-	-	-	-	398.16
Shareholders								
Debt	-	-	970.17	29.51	101.60	267.23	51.36	1,419.87
Equity	106.04	-	-	-	-	-	-	106.04
Government Securities	-	1,033.32	28.13	-	-	-	-	1,061.45
Others	-	170.49	14.80	-	-	-	-	185.29
2 **Financial Assets at FVTPL**								
Policyholders								
Debt	-	-	6,515.00	164.64	122.73	768.45	19.79	7,590.61
Equity	11,520.70	-	134.12	69.79	-	81.28	-	11,805.89
Government Securities	-	7,193.58	28.53	-	-	-	-	7,222.11
Mutual Fund Units	499.37	-	-	-	-	-	100.09	599.46
Others	20.19	1,364.18	437.11	-	-	-	120.60	1,942.08
Shareholders								
Debt	-	-	25.97	-	-	-	-	25.97
Equity	-	-	-	53.51	-	50.10	-	103.61
Mutual Fund Units	-	-	-	-	-	-	1.19	1.19
3 **Financial Assets at Amortised Cost**								
Policyholders								
Debt	-	-	5,220.88	115.16	24.85	221.91	59.16	5,641.96
Government Securities	-	8,942.84	30.05	-	-	-	-	8,972.89
Others	-	750.15	9.69	-	-	-	-	759.84
Total Credit Risk Exposure	**12,152.59**	**23,212.87**	**16,780.96**	**454.02**	**249.18**	**1,631.20**	**366.38**	**54,847.18**

As on 31st March 2020

₹ crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
1 **FVTOCI Financial Assets**								
Policyholders								
Debt	-	-	2,476.35	21.23	-	276.55	31.68	2,805.81
Government Securities	-	2,153.54	49.04	-	-	-	-	2,202.58
Others	1.43	147.96	-	-	-	-	-	149.39
Shareholders								
Debt	-	-	878.60	55.13	101.54	262.86	52.37	1,350.50
Equity	44.09	-	-	-	-	-	-	44.09
Government Securities	-	934.71	27.54	-	-	-	-	962.25
Others	48.95	9.65	-	-	-	-	-	58.60

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₹ crore

	Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
2	**Financial Assets at FVTPL**								
	Policyholders								
	Debts	-	-	6,117.67	225.14	191.29	736.43	14.51	7,285.04
	Equity	7,699.68	-	56.30	118.19	-	81.93	-	7,956.10
	Government Securities	-	5,463.47	28.49	-	-	-	-	5,491.96
	Mutual Fund Units	950.12	-	-	-	-	-	57.04	1,007.16
	Others	112.02	1,285.78	722.71	-	-	-	123.26	2,243.77
	Shareholders								
	Debts	-	-	26.19	-	-	-	-	26.19
	Equity	-	-	-	103.43	-	94.81	-	198.24
	Mutual Fund Units	50.18	-	-	-	-	-	10.26	60.44
3	**Financial Assets at Amortised Cost**								
	Policyholders								
	Debts	-	-	3,533.77	104.42	39.34	223.89	48.76	3,950.18
	Government Securities	-	6,805.54	-	-	-	-	-	6,805.54
	Others	-	220.52	-	-	-	-	8.31	228.83
	Total Credit Risk Exposure	**8,906.47**	**17,021.17**	**13,916.66**	**627.54**	**332.17**	**1,676.47**	**346.17**	**42,826.67**

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables the Management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group manages its product mix to ensure that there is no significant concentration of credit risk.

Expected Credit Loss

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are measured at amortised cost, and

b) Financial assets (debt) that are measured as at FVTOCI.

ECL has been calculated on Non-ULIP portfolio as ULIP portfolio is marked-to-market. For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk, since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

Loss Given Default (LGD) of 75% has been assumed across all securities (maximum as per RBI directives).

The credit rating provided by the external rating agencies has been considered while assigning PD for each individual company. The PD for each rating category is as under:

Credit Rating	Default Rate
Gsec	0
State	0
AAA	0.03
AAA (so)	0.03
AA	0.5
AA (so)	0.5
AA+	0.5
A+	0.74
AA-	0.74

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ECL allowance (or reversal) recognised during the period is recognised as expense/income in the statement of Profit and Loss (P&L). The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

ECL allowance computed, basis above, during the period under consideration is as follows:

Movement of Allowances	Financial Assets
As at 1st April 2019	**18.92**
Provided during the year	3.17
Amounts Written Off	(7.76)
Reversals of Provision	-
Unwinding of Discount	-
Transferred on Account of Demerger	-
As at 31st March 2020	**14.33**
Provided during the year	0.35
Amounts Written Off	(5.75)
Reversals of Provision	-
Unwinding of Discount	-
Transferred on Account of Demerger	-
As at 31st March 2021	**8.93**

Liquidity Risk

Liquidity risk is the possibility that the Group will not be able to fund all cash outflow commitments as they fall due. The Group's primary funding obligations arise in connection with the payment of policyholder benefits. Sources of available cash flow include general fund premiums and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales).

An asset-liability mismatch occurs when the financial terms of the Group's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintain adequate liquidity to meet obligations. Based on the Group's historical cash flows and liquidity management processes, we believe that the cash flows from our operating activities will continue to provide sufficient liquidity for us to satisfy debt service obligations and to pay other expenses as they fall due. A governance structure, in form of the ALM Committee, and well defined Asset Liability Management framework require periodic monitoring of the Asset-Liability position of the Group. Insurance Business's Asset Liability Management Techniques aims to manage the volume, mix, maturity, rate sensitivity, quality and liquidity of assets and liabilities, as a whole, so as to attain a predetermined acceptable risk/reward ratio. Further, the NAV guarantee products use proprietary monitoring mechanisms to ensure adequate ALM.

Maturity Profiles

The following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations. Unit-linked liabilities are repayable or transferable on demand, and are included in the up-to-a-year column. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The Group manages its product mix to ensure that there is no significant concentration of credit risk.

The table below summarises the expected utilisation or settlement of assets and liabilities.

Notes

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Maturity Analysis on Expected Maturity Basis

As on 31st March 2021

Particulars	Less than 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	> 5 Years	Total
Financial Liabilities							
Other Financial Liabilities	832.29	-	-	-	-	-	832.29
Trade and Other Payables	430.59	-	-	-	-	-	430.59

As on 31st March 2020

Particulars	Less than 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	> 5 Years	Total
Financial Liabilities							
Other Financial Liabilities	791.44	0.40	0.88	-	-	-	792.72
Trade and Other Payables	310.94	-	-	-	-	-	310.94

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to financial and capital market risks – the risk that the fair value or future cash flows of an insurance contract or financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

Market risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Management Committee. The Group has investment policy in place, which deals with guidelines for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

The Group's issues unit-linked investment policies in a number of its operations. In the unit-inked business, the policyholder bears the investment risk on the assets held in the unit–linked funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

₹ crore

Particulars	Change in Interest Rate	As at 31st March 2021		As at 31st March 2020	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
Interest Rate	25 Basis Point Down	26.51	20.21	19.45	15.00
	50 Basis Point Down	53.03	40.43	38.90	30.00
	25 Basis Point Up	(26.51)	(20.21)	(19.45)	(15.00)
	50 Basis Point Up	(53.03)	(40.43)	(38.90)	(30.00)

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Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group is exposed to equity risk from a number of sources. A portion of our exposure to equity market risk arises in connection with benefit guarantees on contracts. The cost of providing for these guarantees is uncertain, and will depend upon a number of factors including general capital market conditions, underlying fund performance, policyholder behaviour, and mortality experience, which may result in negative impacts on our net income and capital.

The Group has no significant concentration of equity price risk.

The analysis below is performed for reasonably possible movements in market indices, i.e., BSE 100 with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the Statement of Profit or Loss) and equity (that reflects changes in fair value of FVTPL financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

₹ crore

Particulars	Change in Variables	As at 31st March 2021		As at 31st March 2020	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
BSE 100	10% rise	0.13	3.02	0.12	2.25
	10% fall	(0.13)	(3.02)	(0.12)	(2.25)

Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

Operational risks are governed through Operational Risk Management policy. The Group maintains an operational loss database to track and mitigate risks resulting in financial losses. The Group has also initiated a Risk Control and Self Assessment process to embed the control testing as a part of day-to-day operations. To control operational risk, operating and reporting processes are reviewed and updated regularly. Ongoing training through internal and external programmes is designed to equip staff at all levels to meet the demands of their respective positions.

The Group has a robust Business Continuity Plan and Information Technology Disaster Recovery Plan in place to manage any business/technology interruption risk. Business Continuity Management System is certified against the global standard ISO 22301. It also has Business Continuity Policy to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimising the potential business impact to the Group.

Information Security Risk is the risk arising from IT systems (data leakage, application vulnerabilities, lack of segregation of duties and access control), human error, etc., which can cause damage to finances or reputation. Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001:2013, which is a global benchmark. The Group has a comprehensive Information Security policy designed to comply with ISO 27001:2013, privacy and/or data protection legislations as specified in Indian Information Technology Act, 2008 and Notification dated 11th April 2011, on protection of sensitive personal information, and it provides direction to Information Security staff, Management and Employees regarding their roles and responsibilities towards Information Security.

Fraud management is handled through an internal committee, and is governed by the Fraud Reporting and Investigation Policy.

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Nature and Term of Outstanding Derivative Contracts

a) Forward Rate Agreements

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
i) Total notional principal amount of forward rate agreement undertaken during the year (Instrument-wise)		
8.83% GOI 2041 (MD 12/12/2041)	24.47	65.02
8.24% GOI 2033 (MD 10/11/2033)	82.15	119.19
9.20% GOI 2030 (MD 30/09/2030)	30.00	473.56
8.33% GOI 2036 (07/06/2036)	199.61	122.57
8.97% GOI 2030 (MD 05/12/2030)	-	124.50
7.40% Gsec 09-09-2035	73.81	85.27
7.62% GOI 2039 (MD 15/09/2039)	327.02	123.99
8.30% GOI 2042 (MD 31/12/2042)	78.73	76.74
7.73% GOI 2034 (MD 19/12/2034)	170.24	-
7.95% GOI 2032 (28.08.2032)	390.25	-
8.13% GOI 2045 (MD 22/06/2045)	49.35	-
8.28% GOI (MD 15/02/2032)	50.21	-
8.30% GOI 2040 (MD 02/07/2040)	26.97	-
8.32% GOI (MD 02/08/2032)	135.85	-
9.23% GOI 2043 (MD 23/12/2043)	34.08	-
8.17% GOI 2044 (MD 01/12/2044)	30.05	-
7.06% GOI 2046 (MD 10/10/2046)	37.22	-
ii) Total notional principal amount of forward rate agreement outstanding as on end of the year (Instrument-wise)		
7.73% Gsec 19-12-2034	244.18	110.58
8.30% Gsec 31-12-2042	195.43	130.67
8.32% Gsec 02-08-2032	141.55	32.87
7.40% Gsec 09-09-2035	162.07	148.33
8.24% Gsec 10-11-2033	170.69	119.19
8.33% Gsec 07-06-2036	265.47	122.57
8.83% Gsec 12/12/2041	73.39	65.02
8.97% Gsec 05/12/2030	75.44	124.50
9.20% Gsec 30/09/2030	450.81	473.56
7.62% GOI 2039 15/09/2039	437.44	123.99
7.95% GOI 2032 (28.08.2032)	321.23	
8.13% GOI 2045 (MD 22/06/2045)	49.35	-
8.28% GOI (MD 15/02/2032)	50.21	
8.30% GOI 2040 (MD 02/07/2040)	26.97	-
9.23% GOI 2043 (MD 23/12/2043)	28.28	-
8.17% GOI 2044 (MD 01/12/2044)	30.05	-
7.06% GOI 2046 (MD 10/10/2046)	37.22	-
iii) Notional principal amount of forward rate agreement outstanding and not 'highly effective' as at Balance Sheet date	-	-
iv) Mark-to-market value of forward rate agreement outstanding and not 'highly effective' as at Balance Sheet date	-	-
v) Loss which would be incurred if counterparty failed to fulfil their obligation under agreements	-	-

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b) The fair value mark-to-market (MTM) gains or losses in respect of Forward Rate Agreement outstanding as at the Balance Sheet date is stated below:

₹ crore

Hedging Instrument	As at 31st March 2021	As at 31st March 2020
i) 7.73% GOI 2034 (MD 19/12/2034)	3.35	5.30
ii) 8.30% GOI 2042 (MD 31/12/2042)	(0.16)	(0.75)
iii) 8.32% GOI (MD 02/08/2032)	3.69	1.67
iv) 7.40% GOI 2035 (MD 09/09/2035)	4.40	2.79
v) 8.24% GOI 2033 (MD 10/11/2033)	4.08	(0.50)
vi) 8.33% GOI 2036 (07/06/2036)	(0.70)	(0.01)
vii) 8.83% GOI 2041 (MD 12/12/2041)	1.31	1.63
viii) 8.97% GOI 2030 (MD 05/12/2030)	2.74	0.87
ix) 9.20% GOI 2030 (MD 30/09/2030)	7.78	(1.03)
x) 7.62% GOI 2039 (MD 15/09/2039)	(6.80)	(2.56)
xi) 8.13% GOI 2045 (MD 22/06/2045)	2.04	-
xii) 8.13% GOI 2045 (MD 22/06/2045)	(0.78)	-
xiii) 8.28% GOI (MD 15/02/2032)	2.25	-
xiv) 8.30% GOI 2040 (MD 02/07/2040)	0.04	-
xv) 9.23% GOI 2043 (MD 23/12/2043)	1.65	-
xvi) 8.17% GOI 2044 (MD 01/12/2044)	(0.68)	-
xvii) 7.06% GOI 2046 (MD 10/10/2046)	(0.43)	-

c) Movement in Hedge Reserve

₹ crore

Hedge Reserve Account	As at 31st March 2021		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	0.32	(44.29)	(43.97)
ii) Add: Changes in the Fair Value during the year	(34.67)	(33.30)	(67.97)
iii) Less: Amounts reclassified to Revenue/Profit and Loss A/c	(2.00)	-	(2.00)

₹ crore

Hedge Reserve Account	As at 31st March 2020		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	(0.03)	(4.56)	(4.59)
ii) Add: Changes in the Fair Value during the year	-	(39.72)	(39.72)
iii) Less: Amounts reclassified to Revenue/Profit and Loss Account	0.34	-	0.34

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
i) Name of the Counter Party	HSBC Bank/J.P.Morgan/ Citi Bank/Credit Suisse HDFC Bank	J.P.Morgan/ CITI Bank/HSBC Bank
ii) Hedge Designation	Cash Flow Hedge	Cash Flow Hedge
iii) Likely impact of one percentage change in interest rate (100*PV01)		
a) Underlying being hedged	Sovereign Bonds	Sovereign Bonds
b) Derivative	Forward Rate Agreement	Forward Rate Agreement

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Capital Management Objectives and Policies

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position:

i) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets

iv) To align the profile of assets and liabilities taking account of risks inherent in the business

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The Group has met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates.

NOTE: 56 RISK RELATED TO NBFC & HFC BUSINESS

Credit Risk

Credit risk is the risk that the NBFC & HFC will incur a loss, because its customers or counterparties fail to discharge their contractual obligations. The NBFC & HFC manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The NBFC & HFC has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the NBFC & HFC to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Analysis of maximum exposure to credit risk and collateral and other credit enhancements

₹ crore

Particulars	As at 31st March 2021 Amortised Cost	As at 31st March 2020 Amortised Cost
i) Secured by Tangible Assets	47,670.43	45,807.97
ii) Covered by Bank/Government Guarantees	1,434.40	1,817.85
iii) Secured by Book Debts, Inventories, Fixed Deposit and Other Working Capital Items	2,510.39	3,424.58
iv) Unsecured	8,992.97	8,035.05
	60,608.19	**59,085.45**

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The NBFC & HFC by way of loan sanction letter and other loan securing documents agrees with its customers on collateral security to be provided by the customers in secured loan exposures that are subject to credit risk. Collateral security enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations.

Collateral security accepted could be in the form of:

a) Financial collateral in the form of pledge of equity shares, units of mutual funds, assignment of life insurance policies

b) Current Assets in the form of inventories meant for sale or receivables arising out of the sale of finished goods

c) Fixed Assets (in the form of immovable properties – real estate, Plant and Machinery, Equipment)

d) Third-party obligation (in the form of Irrevocable Unconditional Guarantee issued by Bank, Third party)

e) Risk participation from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

f) Assignment of borrower's rights and interests under agreements with third parties

In addition, we also stipulates escrow of cash flows and a Debt Service Reserve Account (DSRA) for project loans. Collateral serves to mitigate the inherent risk of credit loss in an exposure, by either improving recoveries in the event of a default or substituting the borrower.

As part of the assessment of a credit transaction the availability, adequacy and suitability of collateral for the transaction is evaluated and decided upon. The processes include verification of the title to the collateral offered and valuation by technical experts where warranted. We accept as collateral only securities of good quality and have in place legally effective and enforceable documentation.

For guarantee's taken, the guarantor's creditworthiness is assessed during the credit assessment process of the transaction. We have collateral type specific haircuts in place which are reviewed at intervals as appropriate to the type of collateral.

The NBFC & HFC recognises that collateral can be a credit mitigant (alternative source of repayment), but does not replace or dilute the underwriting standards the company adopts to underwrite credit exposures.

Financial Risk Management and its Policies for NBFC & HFC Businesses

Liquidity Risk

Liquidity risk is defined as the risk that the NBFC & HFC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the NBFC & HFC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

NBFC & HFC manages its liquidity requirement by analysing the maturity pattern of NBFC & HFC's cash flows of financial assets and financial liabilities. The Asset Liability Management of the NBFC & HFC is periodically reviewed by its Risk Management Committee.

The table below summarises the maturity profile of the undiscounted cash flows of the NBFC & HFC's financial liabilities as at 31st March 2021 and 31st March 2020.

Financial Liabilities

₹ crore

As at 31st March 2021	Within 12 Months	After 12 Months	Total
Trade and Other Payables	136.08	-	136.08
Other Financial Liabilities	415.44	-	415.44
Debt Securities	8,482.33	13,340.68	21,823.01
Borrowings other than Debt Securities	10,624.92	23,163.57	33,788.49
Subordinate Liabilities	207.13	3,068.78	3,275.91
Total	**19,865.90**	**39,573.03**	**59,438.93**

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Financial Liabilities

₹ crore

As at 31st March 2020	Within 12 Months	After 12 Months	Total
Trade and Other Payables	117.43	-	117.43
Other Financial Liabilities	159.11	-	159.11
Debt Securities	9,272.24	10,729.99	20,002.23
Borrowings other than Debt Securities	7,884.18	25,040.49	32,924.66
Subordinate Liabilities	105.51	1,959.28	2,064.78
Total	**17,538.47**	**37,729.76**	**55,268.21**

Notes:

1. Previous year figures do not include other future contracted cash flows (such as interest which are not accrued as at the Balance Sheet date).
2. Trade Payable is based on the estimate of actual payment.

Operational and Business Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Group, market risk primarily comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity, other post-retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2021 and 31st March 2020.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has borrowings which are primarily at floating rate of interest and, hence, the Group is not significantly exposed to Interest rate risk.

Interest Rate Sensitivity

Since the NBFC manages its interest rate risk on borrowings by ensuring, at maximum, its long term borrowings at floating rate of interest and in case of reduction in interest rate, it initiates negotiations with bankers for realigning the interest rate and/or repaying the high interest rate exposures, the interest rate change in market as such doesn't affect NBFC's profitability materially.

₹ crore

Market indices	Change in Interest Rate	31st March 2021		31st March 2020	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
Interest rate	25 Basis Point Down	56.14	41.85	58.60	44.80
	50 Basis Point Down	112.27	83.69	117.19	89.60
	25 Basis Point Up	(56.14)	(41.85)	(58.60)	(44.80)
	50 Basis Point Up	(112.27)	(83.69)	(117.19)	(89.60)

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Capital Management Objectives and Policies

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a capital adequacy ratio, which is weighted-assets divided by total capital derived as per the RBI requirements. As per the RBI guidelines, the Group being a Non-Banking Finance Group has to maintain 15% of capital adequacy ratio of NBFC business and 12% of capital adequacy ratio of HFC business.

The actual Capital Adequacy Ratio is as under:

₹ crore

Particulars	31st March 2021	31st March 2020
Capital Adequacy Ratio of NBFC	22.70%	19.08%
Capital Adequacy Ratio of HFC	21.73%	18.05%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2021 and 31st March 2020.

Risk Related to Other Business

Credit Risk of other Companies

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and from its financing/investing activities, including deposits with banks, mutual fund investments, and investments in debt securities, foreign exchange transactions. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of financial assets represents the maximum credit risk exposure.

₹ crore

As at 31st March 2021	Neither past due nor impaired	Past due but not impaired					
		< 30 Days	30 to 60 Days	61 to 90 Days	91 to 120 Days	> 120 Days	Total
Trade Receivables	102.09	90.67	14.72	1.69	1.39	7.85	218.41
Total	**102.09**	**90.67**	**14.72**	**1.69**	**1.39**	**7.85**	**218.41**

₹ crore

As at 31st March 2020	Neither past due nor impaired	Past due but not impaired					
		< 30 Days	30 to 60 Days	61 to 90 Days	91 to 120 Days	> 120 Days	Total
Trade Receivables	23.51	68.96	4.87	0.53	4.40	2.99	105.26
Total	**23.51**	**68.96**	**4.87**	**0.53**	**4.40**	**2.99**	**105.26**

₹ crore

Movement of Allowances	31st March 2021	31st March 2020
Opening	8.83	11.00
Provided during the year	1.86	1.10
Amounts Written Off	(1.01)	(0.63)
Reversals of Provision	-	(2.64)
Closing	**9.68**	**8.83**

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b. **Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits:**
Credit risk on cash and cash equivalents, deposits with banks/financial institutions is generally low, as the said deposits have been made with banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

Credit risk on derivative instruments is generally low, as the Group enters into the Derivative Contracts with the reputed banks.

Investments of surplus funds are made only with approved Financial Institutions/Counterparty. Investments primarily include investments in units of quoted Mutual Funds, quoted Bonds; Non-Convertible Debentures issued by Government/ Semi-Government Agencies/PSU Bonds/High Investment grade Corporates, etc. These mutual Funds and counterparties have low credit risk.

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories, and restricts the exposure in equity markets.

Compliances of these policies and principles are reviewed by internal auditors on periodical basis.

Financial Risk Management and Its Policies for Other Businesses

Liquidity Risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of undrawn credit facilities to meet obligations, when due. The Group's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity Profile of Financial Liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31st March 2021	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Debt Securities	-	339.56	48.86	101.20	-	489.62
Borrowings other than Debt Securities	-	6.81	6.61	15.31	-	28.73
Subordinate Liabilities	-	-	-	-	11.00	11.00
Trade and Other Payables	-	117.94	35.52	0.02	-	153.48
Other Financial Liabilities	348.15	5.80	68.79	7.07	0.18	429.99
Total	**348.15**	**470.11**	**159.78**	**123.60**	**11.18**	**1,112.82**

As at 31st March 2020	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Debt Securities	23.47	173.08	87.28	274.77	-	558.60
Borrowings other than Debt Securities	-	6.80	16.47	28.25	-	51.52
Subordinate Liabilities	-	-	-	-	11.00	11.00
Trade and Other Payables	0.29	94.57	23.94	-	-	118.80
Other Financial Liabilities	203.29	4.14	60.23	7.13	0.38	275.17
Total	**227.05**	**278.59**	**187.92**	**310.15**	**11.38**	**1,015.09**

Notes

1. The above table includes future contractual cash flows recognised as at Balance Sheet date in different buckets and does not include other future contracted cash flows (such as interest which are not accrued as at balance sheet date).

2. Trade Payable is based on the estimate of actual payment.

Capital Management Objectives and Policies

The primary objective of the Group's capital management is to maximise the shareholder value, comply to the regulatory requirements and maintain an optimal capital structure to reduce the cost of capital to the Company. The Holding Company continues its policy of a conservative capital structure, which has ensured that it retains the highest credit rating.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 57 ECL RISK

Impairment Assessment

The credit loss provisioning approach has now moved from incurred model to ECL model. This forces entity to understand the significance of credit risk and its movement, since its initial recognition. This model ensures (a) timely recognition of ECLs (b) assessment of significant increase in credit risk, which will provide better disclosure, and (c) ascertainment of better business ratios.

- The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of Significant Accounting Policies.
- An explanation of the Group's internal grading system (Note 'Definition of default and cure' below).
- How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default) (Note 'The Group's internal rating and PD estimation process', 'Probability of Default', 'Exposure at Default' is given below).
- When the Group considers there has been a significant increase in credit risk of an exposure (Note 'Significant increase in credit risk' is given below).
- The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 'Grouping financial assets measured on a collective basis, is given below).
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Notes 'Probability of default', 'Exposure at default' and 'loss given default' is given below).

Definition of Default and Cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties, and the customer has delay in his repayments over a month.

The Group's Internal Rating and PD Estimation Process

a. Internal Rating: A robust internal credit rating framework is vital for effective credit risk management. It is specified by RBI on credit risk management that lenders should have an internal rating framework and the lenders must have independent Credit Risk Control Units (CRCU) or equivalents, that are responsible for the design or selection, implementation and performance of their internal rating systems. Accordingly we also have an internal rating framework developed along with CRISIL, with ratings being assigned to all the customers/portfolio pools – (eligible customers for Ratings) and used extensively in internal decision-making.

b. It is further specified in the policy that internal rating/grading/scoring of the borrower/client is at least Investment grade rating as per ABFL's internal credit rating model or valid/live external rating.

Probability of Default (PD)

PD is calculated basis likelihood that the borrower will default within one year horizon (Basis for Stage 1), For Stage 2 – it is defined as significant increase in credit risk and probability is defined as borrower's probability to default in lifetime.

Notes

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Exposure at Default

Gross exposure/potential gross exposure under a facility (i.e., the amount that is legally owed to the lender) at the time of default by a borrower. Exposure at Default gives an estimate of the amount outstanding.

Loss Given Default (LGD)

LGD is usually shown as the percentage of Exposure at Default that the lender might lose in case the borrower defaults. It depends, among others, on the type of collateral, its value, borrower rating and the expected proceeds from the sale (e.g., sales proceeds from sales of collaterals/securities) of the assets, NPV net of recovery costs.

Significant Increase in Credit Risk

a. There is significant increase in credit risk, when there is deterioration in account performance and expected resolution is not available.

b. Further, for large borrowers after assessing the following Risks in totality and deterioration in each factor , it is then assessed whether there is a significant increase in credit risk.

   i. Industry Risk

   ii. Business Risk

   iii. Management Risk

   iv. Financial Risk

   v. Banking Conduct and Facility-level Conduct.

c. Significant increase in credit risk is also gauged through Credit Rating. Credit rating is an opinion of capacity of borrower to meet its financial obligations to the depositor or bondholder (i.e., lender of money) on a particular issue or type of instrument (i.e., a domestic or foreign currency: short-term or medium, or long-term, etc.) in a timely manner. The rating measures the relative risk of an issuers ability and willingness to repay, both interest and principal, over the period of the rated instrument, i.e., rating signifies the risk of default of the borrower that is rated.

Grouping Financial Assets Measured on a Collective Basis

The Group calculates ECLs either on a collective or an individual basis.
Asset classes where the Group calculates ECL on an individual basis include:

1. Corporate Portfolio

Asset classes where the Group calculates ECL on a collective basis include:

1. Retail Portfolio

   The ECL methodology allows for individual assessment for corporates and, therefore, these loans are generally measured individually as each of these exposures have unique characteristics and structuring. For retail exposures and exposures which can be clubbed in homogenous pools, ECL is measured on a collective basis. This has been arrived at based on common characteristics like nature of product, customer profile, etc.

Analysis of Risk Concentration

Concentration analyses are presented for Portfolio pool, Location, Top borrower exposures, Group exposures, etc. These are regularly analysed and presented for further review/action.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans relating to financing activity is as follows:

A Reconciliation of Gross Carrying Amount of Housing Finance Business:

	Stage 1	Stage 2	Stage 3	Total
31st March 2021				
Gross Carrying Amount Opening Balance	11,825.30	236.95	156.31	12,218.56
New Assets Originated or Purchased	2,971.00	44.43	4.06	3,019.49
Assets Derecognised or Repaid (excluding Write Offs)	(3,206.70)	(25.15)	(8.96)	(3,240.81)
Transfers to Stage 1	66.60	(57.36)	(9.24)	-
Transfers to Stage 2	(307.66)	308.74	(1.08)	-
Transfers to Stage 3	(46.18)	(46.74)	92.92	-
Amounts Written Off	(0.82)	(3.36)	(3.50)	(7.68)
Gross Carrying Amount Closing Balance	**11,301.54**	**457.51**	**230.51**	**11,989.56**
31st March 2020				
Gross Carrying Amount Opening Balance	11,277.52	148.32	82.91	11,508.75
New Assets Originated or Purchased	3,475.06	0.66	1.35	3,477.07
Assets Derecognised or Repaid (excluding Write Offs)	(2,723.35)	0.11	(16.63)	(2,739.87)
Transfers to Stage 1	111.95	(108.72)	(3.23)	-
Transfers to Stage 2	(227.52)	227.61	(0.09)	-
Transfers to Stage 3	(88.31)	(31.03)	119.34	-
Amounts Written Off	(0.05)	-	(27.34)	(27.39)
Gross Carrying Amount Closing Balance	**11,825.30**	**236.95**	**156.31**	**12,218.56**

B Reconciliation of ECL Balance for Housing Finance Business is given below:

	Stage 1	Stage 2	Stage 3	Total
31st March 2021				
ECL Allowance - Opening Balance	39.73	16.90	49.85	106.48
New Assets Originated or Purchased	16.56	3.12	1.27	20.95
Assets Derecognised or Repaid (excluding Write Offs)	(11.06)	0.75	(1.93)	(12.24)
Transfers to Stage 1	5.86	(3.94)	(1.92)	-
Transfers to Stage 2	(1.29)	1.52	(0.23)	-
Transfers to Stage 3	(0.18)	(2.98)	3.16	-
Impact on year end ECL of exposures transferred between Stages during the year	(1.69)	29.88	27.37	55.56
ECL recognised due to change in credit risk	13.27	0.99	9.14	23.40
Recoveries	(0.47)	(0.03)	0.23	(0.27)
Amounts Written Off	(0.01)	(2.80)	(4.12)	(6.93)
ECL Allowance - Closing Balance	**60.72**	**43.41**	**82.82**	**186.95**
31st March 2020				
ECL Allowance - Opening Balance	25.05	2.17	36.59	63.81
New Assets Originated or Purchased	10.45	0.04	9.54	20.03
Assets Derecognised or Repaid (excluding Write Offs)	(6.35)	(0.01)	(2.57)	(8.93)
Transfers to Stage 1	1.73	(1.20)	(0.53)	-
Transfers to Stage 2	(0.74)	0.75	(0.01)	-
Transfers to Stage 3	(0.32)	(0.76)	1.08	-
Impact on year end ECL of exposures transferred between Stages during the year	(0.70)	5.40	30.19	34.89
ECL recognised due to change in credit risk	10.62	10.52	4.59	25.73
Recoveries	(0.01)	(0.01)	(0.42)	(0.44)
Amounts written off	-	-	(28.61)	(28.61)
ECL Allowance - Closing Balance	**39.73**	**16.90**	**49.85**	**106.48**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans of NBFC Business is as follows:

A Reconciliation of Gross Carrying Amount of NBFC Business:

	Stage 1	Stage 2	Stage 3	Total
31st March 2021				
Gross Carrying Amount Opening Balance	43,866.60	1,216.76	1,827.09	46,910.45
New Assets Originated or Purchased	14,373.19	421.77	23.45	14,818.41
Assets Derecognised or Repaid (excluding Write Offs)	(12,044.39)	(217.83)	(272.92)	(12,535.14)
Transfers to Stage 1	290.96	(158.46)	(132.50)	-
Transfers to Stage 2	(2,580.08)	2,585.90	(5.82)	-
Transfers to Stage 3	(340.63)	(189.07)	529.70	-
Amounts Written Off	(24.50)	-	(546.52)	(571.02)
Gross Carrying Amount Closing Balance	**43,541.15**	**3,659.07**	**1,422.48**	**48,622.70**
31st March 2020				
Gross Carrying Amount Opening Balance	48,734.15	1,006.44	813.40	50,553.99
New Assets Originated or Purchased	13,909.27	61.51	28.76	13,999.54
Assets Derecognised or Repaid (excluding Write Offs)	(16,689.48)	(468.51)	(141.11)	(17,299.10)
Transfers to Stage 1	280.10	(261.88)	(18.22)	-
Transfers to Stage 2	(1,149.43)	1,178.80	(29.37)	-
Transfers to Stage 3	(1,209.62)	(295.13)	1,504.75	-
Amounts written off	(8.39)	(4.47)	(331.12)	(343.98)
Gross Carrying Amount Closing Balance	**43,866.60**	**1,216.76**	**1,827.09**	**46,910.45**

Note: Stage 1, 2 and 3 Loans includes Interest Accrued but Excludes EIR amounting to ₹ 4.07 crore (31st March 2020 : ₹ 43.56 crore).

B Reconciliation of ECL balance is given below for NBFC Business:

	Stage 1	Stage 2	Stage 3	Total
31st March 2021				
ECL Allowance - Opening Balance	210.94	104.98	565.61	881.53
Increase in New/Existing Assets Originated or Purchased	94.88	115.69	570.85	781.42
Assets Derecognised or Repaid (excluding Write Offs)	(45.48)	(9.70)	(15.57)	(70.75)
Transfers to Stage 1	9.64	(3.05)	(6.59)	-
Transfers to Stage 2	(10.26)	11.63	(1.37)	-
Transfers to Stage 3	(5.01)	(18.54)	23.55	-
Amounts written off	(24.50)	-	(546.52)	(571.02)
ECL Allowance - Closing Balance	**230.21**	**201.01**	**589.96**	**1,021.18**
31st March 2020				
ECL Allowance - Opening Balance	153.81	44.25	312.96	511.02
New Assets Originated or Purchased	109.61	90.96	596.90	797.47
Assets Derecognised or Repaid (excluding Write Offs)	(45.19)	(5.87)	(31.92)	(82.98)
Transfers to Stage 1	17.53	(11.14)	(6.39)	-
Transfers to Stage 2	(6.34)	11.94	(5.60)	-
Transfers to Stage 3	(10.09)	(20.69)	30.78	-
Amounts Written Off	(8.39)	(4.47)	(331.12)	(343.98)
ECL Allowance - Closing Balance	**210.94**	**104.98**	**565.61**	**881.53**

Stage 1 represents 'High Grade' internal rating.

Stage 2 represents 'Sub-standard' internal rating.

Stage 3 represents 'Credit-impaired'.

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

NOTE: 58 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflects the contractual coupon amortisations.

₹ crore

Particulars	31st March 2021			31st March 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
I ASSETS						
(1) Financial Assets						
(a) Cash and Cash Equivalents	2,355.74	-	2,355.74	2,815.05	-	2,815.05
(b) Bank Balances other than (a) above	415.38	36.29	451.67	245.23	56.85	302.08
(c) Derivative Financial Instruments	10.94	12.83	23.77	7.40	64.79	72.19
(d) Trade Receivables	445.99	-	445.99	473.12	-	473.12
(e) Loans	14,471.09	45,254.52	59,725.61	13,837.13	44,518.23	58,355.36
(f) Investments						
- Investments of Life Insurance Business						
- Investments of Life Insurance Policyholders	1,592.72	21,418.30	23,011.02	708.28	15,960.98	16,669.26
- Investments of Life Insurance Shareholders	292.68	2,306.13	2,598.81	124.40	2,335.01	2,459.41
- Investments of Health Insurance Business						
- Investments of Health Insurance Policyholders	176.17	787.39	963.56	139.69	488.62	628.31
- Investments of Health Insurance Shareholders	24.75	279.85	304.60	20.73	220.16	240.89
- Other Investments	1,556.63	419.42	1,976.05	4,468.70	437.72	4,906.42
(g) Assets Held to Cover Linked Liabilities of Life Insurance Business	4,717.90	23,251.29	27,969.19	5,189.98	17,638.81	22,828.79
(h) Other Financial Assets	1,203.61	80.30	1,283.91	1,068.14	81.72	1,149.86
Sub-Total	**27,263.60**	**93,846.32**	**121,109.92**	**29,097.85**	**81,802.89**	**110,900.74**
(2) NON-FINANCIAL ASSETS						
(a) Current Tax Assets (Net)	-	321.91	321.91	-	356.29	356.29
(b) Deferred Tax Assets (Net)	-	309.60	309.60		271.58	271.58
(c) Investment Property	-	15.24	15.24	-	15.67	15.67
(d) Property, Plant and Equipment	-	102.21	102.21	-	121.14	121.14
(e) Capital Work-in-Progress	-	1.41	1.41	-	2.71	2.71
(f) Goodwill	-	570.04	570.04	-	570.04	570.04
(g) Other Intangible Assets	-	231.57	231.57	-	165.74	165.74
(h) Right-to-use of Assets	-	339.74	339.74	-	308.04	308.04
(i) Intangible Assets Under Development	-	43.54	43.54	-	71.61	71.61
(j) Investments in Equity Instrument of Joint Venture Companies	-	879.55	879.55	-	681.78	681.78
(k) Other Non-Financial Assets	303.51	68.09	371.60	275.07	51.32	326.39
Sub-Total	**303.51**	**2,882.90**	**3,186.41**	**275.07**	**2,615.92**	**2,890.99**
Total Assets	**27,567.11**	**96,729.22**	**124,296.33**	**29,372.92**	**84,418.81**	**113,791.73**

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₹ crore

Particulars	31st March 2021			31st March 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
II LIABILITIES AND EQUITY						
LIABILITIES						
(1) Financial Liabilities						
(a) Derivative Financial Instruments	-	33.71	33.71	-	-	-
(b) Payables						
- Trade Payables						
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	16.34	-	16.34	6.99	-	6.99
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	703.81	-	703.81	540.18	-	540.18
(c) Debt Securities	8,334.09	10,567.24	18,901.33	9,507.36	10,757.04	20,264.40
(d) Borrowings (other than Debt Securities)	9,390.11	21,741.52	31,131.63	7,975.24	25,055.06	33,030.30
(e) Subordinated Liabilities	152.59	2,489.43	2,642.02	125.02	2,210.09	2,335.11
(f) Lease Liabilities	94.11	274.64	368.75	89.17	247.45	336.62
(g) Policyholders' Liabilities	3,485.22	48,991.25	52,476.47	2,348.74	38,915.80	41,264.54
(h) Other Financial Liabilities	1,671.00	6.72	1,677.72	1,225.83	1.17	1,227.00
Sub-Total	**23,847.27**	**84,104.51**	**107,951.78**	**21,818.53**	**77,186.61**	**99,005.14**
(2) Non-Financial Labilities						
(a) Current Tax Liabilities (Net)	36.70	-	36.70	28.72	-	28.72
(b) Provisions	251.10	32.78	283.88	219.86	41.14	261.00
(c) Deferred Tax Liabilities (Net)	-	359.37	359.37	-	288.35	288.35
(d) Other Non-Financial Liabilities	428.78	8.40	437.18	304.51	8.63	313.14
Sub-Total	**716.58**	**400.55**	**1,117.13**	**553.09**	**338.12**	**891.21**
(3) Equity						
(a) Equity Share Capital	-	2,415.28	2,415.28	-	2,413.76	2,413.76
(b) Other Equity	-	11,327.30	11,327.30	-	10,162.03	10,162.03
Equity Attributable to Owners of the Parent	-	13,742.58	13,742.58	-	12,575.79	12,575.79
Non-Controlling Interests	-	1,484.84	1,484.84	-	1,319.59	1,319.59
Total Equity	**-**	**15,227.42**	**15,227.42**	**-**	**13,895.38**	**13,895.38**
Total Liabilities and Equity	**24,563.85**	**99,732.48**	**124,296.33**	**22,371.62**	**91,420.11**	**113,791.73**

NOTE: 59 FOREIGN CURRENCY EXPOSURE

Particulars	Currency	31st March 2021		31st March 2020	
		Foreign Currency	₹ crore	Foreign Currency	₹ crore
Trade Payables	CAD	-	-	-	-
	DIRHAM	-	-	-	-
	USD	135,000.00	0.99	(88,000.00)	(0.66)
	EURO	392,000.00	3.36	1,540,482.00	12.79
	GBP	-	-	-	-
Trade Receivables	Bangladeshi Taka	66,994.57	0.01	66,994.57	0.01
	British Pound	1,318.96	0.01	1,367.85	0.01
	EURO	16,390.46	0.14	17,053.68	0.14
	Kuwaiti Dinar	-	-	1,573.35	0.04
	Philippines Piso	162,388.09	0.02	-	-
	Sri Lankan Rupees	1,149,257.42	0.04	2,585,852.89	0.10
	Tanzanian Shilingi	1,173,294.92	ß	1,197,871.33	ß
	Turkish Lira	168,681.46	0.15	173,793.81	0.20
	United Arab Emirates Dirham	5,115.03	0.01	51,028.47	0.10
	USD Dollar	6,461.78	0.05	25,248.44	0.19

Notes

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NOTE: 60 DISCLOSURE ON THE IMPACT OF COVID-19

Estimation uncertainty relating to COVID-19 Global Health Pandemic:

The Group recognises the need to make reasonable estimation of the economic impact of this pandemic on the obligation on account of policy liabilities, recoverability of goodwill, repayment ability of its borrowers, and to make additional provisions as considered appropriate, over-and-above the extant provisions as per the Group's ECL policy, for expected credit losses. The Group has segmented its portfolio basis various parameters to ascertain the likely detrimental impact on the credit risk in the portfolio as a result of the economic fallout of COVID-19 and basis its estimates, assumptions and judgements arrived at the additional provision required to take care of the expected credit loss in its Consolidated Financial Statements. Given the continued uncertainty over the potential macro-economic condition, the impact of economic fallout of the COVID-19 on the carrying value of assets and obligations of the Group may be different from that expected as at the date of approval of these Consolidated Financial Statements. The Group will continue to closely monitor any material changes to future economic conditions and suitable adjustments as considered appropriate will be given in the respective future period.

NOTE: 61 DERIVATIVE FINANCIAL INSTRUMENTS OF NBFC AND HFC BUSINESS

Aditya Birla Housing Finance Limited

Nature and Term of Outstanding Derivative Contracts:

a) Cross Currency Interest Rate Swaps (CCIRS)

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
i) Total Notional Principal Amount of CCIRS agreement undertaken during the year	354.45	354.45
ii) Total Notional Principal Amount of CCIRS agreement outstanding as on end of the year	354.45	354.45
iii) Maturity Date of CCIRS	30th October 2022	30th October 2022
iv) Hedge Ratio	1:1	1:1
v) Currency Pair	USD/INR	USD/INR

b) The fair value mark-to-market (MTM) gains or losses in respect of CCIRS agreement outstanding as at the Balance Sheet date is stated below:

₹ crore

Hedging Instrument	As at 31st March 2021	As at 31st March 2020
CCIRS	(3.07)	10.71

c) Movement in Hedge Reserve

₹ crore

Cash Flow Hedge Reserve Account	As at 31st March 2021			As at 31st March 2020		
	Realised	Unrealised	Total	Realised	Unrealised	Total
i) Balance at the beginning of the year	-	(9.79)	(9.79)	-	-	-
ii) Add: Changes in the Fair Value during the Year	20.23	(13.77)	6.45	(4.09)	10.71	6.61
iii) Less: Amounts reclassified to the Statement of Profit and Loss	20.23	(11.51)	8.71	(4.09)	20.49	16.40
iv) Balance at the end of the year	**-**	**(12.05)**	**(12.05)**	**-**	**(9.79)**	**(9.79)**

Notes

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₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
i) Name of the Counterparty	State Bank of India	State Bank of India
ii) Hedge Designation	Effective	Effective
iii) Exchange Rate (USD/INR)	70.89	70.89
iv) Interest rate (p.a.)	7.79%	7.79%

Aditya Birla Finance Limited

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end, and are not indicative of either the market risk or credit risk.

₹ crore

Particulars	As at 31st March 2021			As at 31st March 2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Cross Currency Interest Rate Swaps	1,463.68	-	30.63	1,463.68	54.08	-
(ii) Currency forward	0.36	-	0.01	0.36	-	ß
Total	**1,464.04**	**-**	**30.64**	**1,464.04**	**54.08**	**ß**
Part II						
(i) Cash Flow Hedging						
- Cross Currency Interest Rate Swaps	1,463.68	-	30.63	1,463.68	54.08	-
- Currency Forward	0.36	-	0.01	0.36	-	ß
Total	**1,464.04**	**-**	**30.64**	**1,464.04**	**54.08**	**ß**

Note a): Hedging activities and derivatives

The Company is exposed to certain risks relating to its external commercial borrowings. The primary risks, managed using derivative instruments, are foreign currency risk and interest rate risk.

Note b): Derivatives designated as hedging instruments

Cash Flow Hedges

The Company is exposed to foreign currency risk arising from its External Commercial borrowings amounting to ₹ 1,463.68 crore. Interest on the borrowing is payable at a floating rate. The Company economically hedged the foreign currency risk arising from the debt with a 'receive floating pay fixed' cross-currency interest rate swap ('swap'). The notional amount of swap is disclosed in the table below. The swap contract converts the cash outflows of the foreign currency borrowing as per the table below to cash outflows in INR with a notional amount of ₹ 1,463.68 Crore at fixed interest rate.

Name of Lender	Foreign Currency Denominated Borrowing Amount	Interest Rate Type	Notional Amount of Swap (₹)	Interest rate Swap Type
As at 31st March 2021				
JPY Denominated (in JPY Crore) (Maturity Range: September 2022 to February 2023)	1,893.66	Floating Rate Interest	1,240.90	Fixed Rate Interest
USD Denominated (in USD Crore) (Maturity March 2023)	3.00	Floating Rate Interest	222.78	Fixed Rate Interest
Total	**1,896.66**		**1,463.68**	

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

Name of Lender	Foreign Currency Denominated Borrowing Amount	Interest Rate Type	Notional Amount of Swap (₹)	Interest rate Swap Type
As at 31st March 2020				
JPY Denominated (in JPY Crore) (Maturity Range: September 2022 to February 2023)	1,893.66	Floating Rate Interest	1,240.90	Fixed Rate Interest
USD Denominated (in USD Crore) (Maturity March 2023)	3.00	Floating Rate Interest	222.78	Fixed Rate Interest
Total	**1,896.66**		**1,463.68**	

There is an economic relationship between the hedged item and the hedging instrument, as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The impact of this hedging instruments on the Balance Sheet is as follows:

Particulars	Notional Amounts	Carrying Amount	Line item in the statement of Financial Position	Change in Fair Value used for measuring ineffectiveness for the year
As at 31st March 2021				
Cross Currency Interest Rate Swaps	1,463.68	30.63	Derivative Liability	(12.66)
Currency Forward	0.36	0.01	Derivative Liability	(0.01)
Total	**1,464.04**	**30.64**		**(12.67)**

Particulars	Notional Amounts	Carrying Amount	Line item in the statement of Financial Position	Change in Fair Value used for measuring ineffectiveness for the year
As at 31st March 2020				
Cross Currency Interest Rate Swaps	1,463.68	54.08	Derivative Asset	(12.34)
Currency Forward	0.36	-	Derivative Asset	-
Total	**1,464.04**	**54.08**		**(12.34)**

Particulars	Change in fair value used for measuring ineffectiveness for the year	Cash Flow Hedge Reserve as at 31st March 2021
As at 31st March 2021		
Cross Currency Interest Rate Swaps	(12.66)	(25.00)
Total	**(12.66)**	**(25.00)**

Particulars	Change in Fair Value used for measuring ineffectiveness for the year	Cash Flow Hedge Reserve as at 31st March 2021
As at 31st March 2020		
Cross Currency Interest Rate Swaps	(12.34)	(12.34)
Total	**(12.34)**	**(12.34)**

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

The effect of the Cash Flow Hedge in the Statement of Profit and Loss, and Other Comprehensive Income is as follows:

₹ crore

Particulars	Total Hedging Gain/(Loss) Recognised in OCI	Ineffectiveness Recognised in Profit and Loss	Line item in the Statement of Profit and Loss	Cost of Hedging recognised in OCI	Amount Reclassified from OCI to Profit or Loss	Cost of hedge Reclassified from OCI to Profit and Loss	Line item in the Statement of Profit and Loss
As at 31st March 2021							
Foreign Currency Denominated Floating Rate Borrowing	(12.66)	-	-	-	-	-	-
Total	**(12.66)**	**-**	**-**	**-**	**-**	**-**	**-**

₹ crore

Particulars	Total Hedging Gain/(Loss) Recognised in OCI	Ineffectiveness Recognised in Profit and Loss	Line item in the Statement of Profit and Loss	Cost of Hedging recognised in OCI	Amount Reclassified from OCI to Profit or Loss	Cost of hedge Reclassified from OCI to Profit and Loss	Line item in the Statement of Profit and Loss
As at 31st March 2020							
Foreign Currency Denominated Floating Rate Borrowing	(12.34)	-	-	-	-	-	-
Total	**(12.34)**	**-**	**-**	**-**	**-**	**-**	**-**

Note c): Movements in Cash Flow Hedging Reserve

₹ crore

Particulars	As at 1st April 2020	Add/Less: Changes in Fair Value	Add/Less: Foreign Exchange Gain/(loss)	Add/Less: Deferred Tax	Add/Less: Accrued Interest	As at 31st March 2021
Cash Flow Hedging Reserve	(12.34)	(84.72)	67.95	4.26	(0.14)	(25.00)
Total	**(12.34)**	**(84.72)**	**67.95**	**4.26**	**(0.14)**	**(25.00)**

₹ crore

Particulars	As at 1st April 2019	Add/Less: Changes in Fair Value	Add/Less: Foreign Exchange Gain/(loss)	Add/Less: Deferred Tax	Add/Less: Accrued Interest	As at 31st March 2020
Cash Flow Hedging Reserve	-	54.08	(81.42)	4.15	10.85	(12.34)
Total	**-**	**54.08**	**(81.42)**	**4.15**	**10.85**	**(12.34)**

Note d): The following table shows the maturity profile of hedging derivatives based on their notional amounts

₹ crore

Particulars	As at 31st March 2021				As at 31st March 2020			
	0 to 12 Months	1 to 5 Years	Over 5 Years	Total	0 to 12 Months	1 to 5 Years	Over 5 Years	Total
(i) Cross Currency Interest Rate Swaps	-	1,463.68	-	1,463.68	-	1,463.68	-	1,463.68
(ii) Currency Forward	0.36	-	-	0.36	-	0.36	-	0.36
Total	**0.36**	**1,463.68**	**-**	**1,464.04**	**-**	**1,464.04**	**-**	**1,464.04**

NOTE: 62 DISCLOSURE ON REVENUE RECOGNITION AS PER IND AS 115

Reconciliation of revenue recognised from Contract Liability:

₹ crore

Particulars	As at 31st March 2021	As at 31st March 2020
Closing Contract Liability-Advances from Customers	132.28	129.08

Notes

forming part of the Consolidated Financial Statements for the year ended 31st March 2021

The Contract Liability outstanding at the beginning of the year has been recognised as revenue during the year ended 31st March 2021.

NOTE: 63 OTHER SIGNIFICANT NOTES

1. **Investment Property**

   The Company has carried out the valuation activity through the Independent valuer to assess fair value of its Investment Property. As per report provided by independent valuer, the fair value is ₹ 16.65 Crore as on 31st March 2021 (Previous year valuation was not carried out due to COVID-19 and lockdown situation).

   The fair value of Investment Property has been derived using the Direct Comparison Method based on recent market prices, without any significant adjustments being made in observable data. Accordingly, fair value estimates for Investment Property are classified as Level 3.

   The Company has no restrictions on the realisability of its Investment Property, and has no contractual obligations to purchase, construct or develop Investment Property.

   Information regarding Income and Expenditure of Investment Property

   ₹ crore

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Rental Income Derived from Investment Property	0.46	0.50
Direct Operating Expenses (including repairs and maintenance) associated with Rental Income	(0.06)	(0.06)
Profit arising from Investment Property before depreciation and indirect expenses	**0.40**	**0.44**
Depreciation for the Year	0.43	0.43
Profit/(Loss) arising from Investment Property before indirect expenses	**(0.03)**	**0.01**

2. The Company has executed the Corporate Guarantee to National Housing Bank on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 2,000 Crore dated 9th April 2021, which is an addition to earlier Corporate Guarantee issued of ₹ 500 Crore (Refer Note No. 40).

3. In accordance with the instructions in the RBI circular, dated 7th April 2021, all lending institutions shall refund/adjust 'interest on interest' to all borrowers, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly. the Group has estimated the said amount and made provision for refund/adjustment.

4. During the year ended 31st March 2021, Lending businesses have provided resolution pertaining to COVID-19 pandemic related stress and otherwise to eligible borrowers. The resolution offered to the borrowers is based on the parameters laid down in the resolution policy approved by the respective Board of Directors of the Lending Subsidiaries in accordance with the notifications issued by the Reserve Bank of India.

5. Figures of ₹ 50,000/- or less has been denoted by 'ß'.

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

Ajay Srinivasan
Chief Executive Officer

P. H. Ravikumar
Director
(DIN: 00280010)

S. C. Bhargava
Director
(DIN: 00020021)

Pinky Mehta
Chief Financial Officer
Mumbai, 14th May 2021

Amber Gupta
Company Secretary

SECRETARIAL AUDIT REPORTS OF MATERIAL SUBSIDIARIES

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,
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 authorised 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. 23.07.2012 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 regularised 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

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 ₹100/- each at premium of ₹54 per RNCNCPS on 21st March 2021. These RNCNCPS are redeemable at premium of ₹83 per RNCNCPS at the end of 2 (two) years i.e. on 21st March 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 20th March 2021 into equal no. of 0.1% Non-Convertible Debentures (NCDs) of ₹100/- each at premium of ₹54 per NCD and early redemption of these NCDs at ₹154 per NCD on 20th March 2021.

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

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.

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

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the year ended 31st March 2021

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules,2014]

To
The Members,
Aditya Birla Housing Finance Limited

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Housing Finance Limited. **CIN No-U65922GJ2009PLC083779** (hereinafter called the 'Company') during the financial year from 1st April 2020 to 31st March 2021, ('the year'/ 'audit period'/ 'period under review').

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 books, papers, minute books, soft copy as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the financial year ended 31st March 2021 as well as before the issue of this report,

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / Senior Managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and

(iii) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised 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 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, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 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

(iv) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards).

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March 2021 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under of paragraph 1.1

(ii) **Generally complied with** the applicable provisions/ clauses of:

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to Board meetings held during the year and the 11th Annual General Meeting held on 28th August 2020 and Extra-ordinary General Meeting held on 8th July 2020 and the resolution passed by circulation. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(v) with regard to the Board meetings held through video conferencing on various dates were verified based on the minutes of the meetings, shown to us, 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 form/ returns thereunder:

a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment ;

b. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities

c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f. 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;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

1.4 Based on the nature of business activities of the Company, the following specific Acts/Laws /Rules / Regulations are applicable to the Company, which has been duly complied with.

a. National Housing Bank Act, 1987 and the directions issued thereunder from time to time.

b. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

c. Prevention of Money Laundering Act, 2002

2. Board processes:

We further report that:

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

(i) Two Non- Executive Non Independent Director, and

(ii) Two 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:

i. Reappointment of Mr Ajay Srinivasan, director retiring by rotation at the AGM held on 28th August 2020

ii. Reappointment of Mrs Anita Ramachandran, as Independent Director for second term of five year with effect from 28th August 2020 was approved by members at Extra-ordinary General Meeting held on 8th July 2020

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice of Board meetings was sent to directors at least seven days 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.

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 meetings and for their meaningful participation at the meetings.

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 company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. We further report that during the audit period, the company has:

(i) Obtained approval from its members at the Extra-ordinary General Meeting of the company held on 28th August 2020

a) to borrow funds not exceeding ₹ 20,000 crore

b) to grant authority for mortgaging or creating charge on company's assets as a security towards borrowings not exceeding ₹ 20,000 Crore

c) authorising the issuance of Secured Redeemable Non-Convertible Debenture for amount not exceeding ₹ 4,000 Crore and Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for amount not exceeding ₹ 1,000 Crore on a private placement basis

(ii) Issued and allotted Secured Redeemable, Non-convertible Debentures worth of ₹ 700 Crore by a way of private placement.

(iii) Issued and allotted Unsecured Redeemable Non-convertible Debentures worth of ₹ 75 Crore by a way of private placement.

For BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
UDIN- F005578B000304800
Firm Reg No-P2014MH037400

Place: Mumbai
Date: Date: 4th May 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure A

To,
The Members,
Aditya Birla Housing Finance Limited

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. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after 31st March 2021 but before the issue of this report.
4. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
5. 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.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. 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.

For BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
UDIN- F005578B000304800
Firm Reg No-P2014MH037400

Place: Mumbai
Date: 4th May 2021

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,
Aditya Birla Sun Life AMC Limited,
One World Center, Tower 1,
17th Floor, Jupiter Mills,
Senapati Bapat Marg,
Elphinstone Road Mumbai – 400013.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Sun Life AMC Limited** (hereinafter referred to as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2021 (hereinafter referred to as "the Audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (**Not Applicable to the Company during the Audit Period**)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (**Applicable only to the extent of the provisions entailed with respect to dematerialisation of securities of unlisted public company**)

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company during the Audit Period**)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the Audit Period**)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company during the Audit Period**)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**)

(f) 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; (**Not Applicable to the Company during the Audit Period**)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (**Not applicable to the Company during the Audit Period**)

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

i. The Securities and Exchange Board of India (Mutual Fund) Regulation, 1996;

ii. The Securities and Exchange Board of India (Alternative Investment Funds) Regulation, 2012;

iii. The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993;

iv. The Securities and Exchange Board of India (Venture Capital fund) Regulations 1996.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that due to Covid-19 situation and limited access to data, we were not able to review the Signed minutes for the Financial Year 2020-21

We further report that during the audit period the Company had no events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For **Makarand M. Joshi & Co.**
Practicing Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
UDIN: F006667C000260976
Peer Review No: P2009MH007000

Place: Mumbai
Date: 8th May 2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
Aditya Birla Sun Life AMC Limited,
One World Center, Tower 1,
17^{th} Floor, Jupiter Mills,
Senapati Bapat Marg,
Elphinstone Road, Mumbai – 400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The 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.

For **Makarand M. Joshi & Co.**
Practicing Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
UDIN: F006667C000260976
Peer Review No: P2009MH007000

Place: Mumbai
Date: 8^{th} May 2021

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,
Aditya Birla Sun Life Insurance Company Limited,
One World Centre, Tower 1,
16th Floor, Jupiter Mill Compound,
841, S. B. Marg, Elphinstone Road,
Mumbai – 400013.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Sun Life Insurance Company Limited (hereinafter referred to as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 (hereinafter referred to as "the Audit period") complied with the statutory provisions listed hereunder.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment; (Overseas Direct Investment and External Commercial Borrowing not applicable to the Company during the Audit Period)

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable to the Company during the Audit Period)**

(c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**

(f) 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; **(Not applicable to the Company during the Audit Period)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period).**

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Not applicable to the Company during the Audit Period)**

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following law applicable specifically to the Company:

(i) Insurance Act, 1938 and Insurance Rules, 1939.

(ii) Insurance Regulatory and Development Authority Act, 1999 and Rules and Regulation, Circular and Notification issued thereunder.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has issued and allotted 1,500 unsecured, unrated, unlisted, subordinated, redeemable, non-convertible Debentures of face value of ₹ 1,000,000/- each, aggregating up to ₹ 1,500,000,000/- on a private placement basis.

For **MMJB and Associates LLP**
Company Secretaries

Bhavisha Jewani
Designated Partner
FCS No. 8503
CP No. 9346
Peer Review No. L2020MH006700
UDIN: F008503C000187187

Place: Mumbai
Date: 27th April 2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
Aditya Birla Sun Life Insurance Company Limited,
One World Centre, Tower 1,
16^{th} Floor, Jupiter Mill Compound,
841, S. B. Marg, Elphinstone Road,
Mumbai – 400013.

OUR REPORT OF EVEN DATE IS TO BE READ ALONG WITH THIS LETTER.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The 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.

For **MMJB and Associates LLP**
Company Secretaries

Bhavisha Jewanna
Designated Partner
FCS No. 8503
CP No. 9346
Peer Review No. L2020MH006700
UDIN: F008503C000187187

Place: Mumbai
Date: 27^{th} April 2021

Notes

Aditya Birla Capital Ltd.
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ADITYA BIRLA CAPITAL