

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Aditya Birla Finance Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Aditya Birla Finance Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

**Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and



# S.V.GHATALIA & ASSOCIATES LLP

Chartered Accountants

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

*S.V. Ghatalia & Associates LLP*

For S.V. Ghatalia & Associates LLP

Chartered Accountants

Firm's Registration Number: 103162W



per Amit Kabra

Partner

Membership Number: 094533

Place of Signature: Mumbai

Date: April 17, 2013





**Annexure referred to in paragraph 4 of our report of even date**

Re: Aditya Birla Finance Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted verification of stock of securities with the statement of accounts of the mutual fund schemes and holding statements provided by the depository participants at reasonable intervals during the year.
- (b) The stock of securities is held in dematerialized form thus physical verification is not applicable. The procedures followed by the management for periodic verification of stock of securities with the statement of accounts/holding statements are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of stock of securities and no material discrepancies were noticed on verification with the statement of accounts/ holding statements.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.



Auditors' Report  
Aditya Birla Finance Limited

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including including provident fund, employees' state insurance, income-tax, service tax, wealth-tax, cess and other material statutory dues as applicable. The provisions relating to investor education and protection fund, sales-tax, customs duty and excise duty are not applicable to the Company.  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, wealth-tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to investor education and protection fund, sales-tax, customs duty and excise duty are not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	933,383	A.Y. 2003-04	Bombay High Court
Income Tax Act, 1961	Income-tax	397,401	A.Y. 2004-05	Bombay High Court

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.





Auditors' Report  
Aditya Birla Finance Limited

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has issued 13,365 secured debentures of Rs. 1,000,000 each, during the period covered by our audit report. The Company has created security or charge in respect of debentures issued. The Company also has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

*S.V. Ghatalia & Associates UP*

For S.V. GHATALIA & ASSOCIATES LLP  
ICAI Firm registration number: 103162W  
Chartered Accountants

*Amit Kabra*

per Amit Kabra  
Partner  
Membership No.: 094533



Place: Mumbai  
Date: April 17, 2013

ADITYA BIRLA FINANCE LIMITED

Balance Sheet as at March 31, 2013

EQUITY AND LIABILITIES	Notes	As at	As at
		31st March, 2013 Rs.	31st March, 2012 Rs.
<b>(1) SHAREHOLDERS' FUNDS</b>			
Share Capital			
Equity	1	1,46,28,98,420	1,05,96,48,420
Preference	1	6,00,00,00,000	3,75,00,00,000
Reserves and Surplus	2	3,32,31,68,097	1,47,38,55,750
<b>(2) NON-CURRENT LIABILITIES</b>			
Long term borrowings	3 a	32,24,38,09,143	6,11,84,36,286
Other Long term liabilities	5 a	41,73,10,832	5,27,18,780
Long term provisions	6 a	36,08,35,769	8,21,59,479
<b>(3) CURRENT LIABILITIES</b>			
Short term borrowings	3 b	31,51,24,80,657	23,89,93,70,729
Trade payables	4	21,45,19,345	10,56,89,717
Other Current liabilities	5 b	6,25,79,31,312	79,78,16,500
Short term provisions	6 b	20,52,60,014	13,35,71,232
<b>Total</b>		<b>81,99,82,13,589</b>	<b>37,47,32,66,893</b>
<b>ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible assets	7 a	3,85,69,586	3,04,93,783
Intangible assets	7 b	4,00,55,529	16,40,196
Intangible assets under development		3,74,26,132	3,07,95,287
<b>NON CURRENT INVESTMENTS</b>	8 a	4,28,36,76,069	1,18,63,38,684
<b>DEFERRED TAX ASSETS (Net)</b>	9	17,89,25,968	7,18,76,838
<b>LONG TERM LOANS AND ADVANCES</b>	10 a	30,80,73,76,231	5,79,48,37,095
<b>OTHER NON CURRENT ASSETS</b>	13 b	-	4,81,20,339
<b>(2) CURRENT ASSETS</b>			
Current Investments	8 b	1,70,53,65,600	92,44,95,750
Stock of Securities		5,69,02,02,960	1,60,81,39,203
Trade Receivables	11	5,19,04,097	80,63,545
Cash and Bank balances	12	7,88,880	17,92,40,898
Short term Loans and Advances	10 b	38,24,10,43,060	27,40,36,18,934
Other Current Assets	13 a	92,28,79,477	18,56,06,341
<b>Total</b>		<b>81,99,82,13,589</b>	<b>37,47,32,66,893</b>

Other Notes to Accounts

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Notes referred to above form an integral part of the Financial Statements.

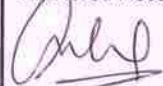
S.V. Ghatalia & Associates LLP

As per our report of even date

For S.V. Ghatalia & Associates LLP

ICAI Firm Registration No. : 103162W

Chartered Accountants



per Amit Kabra  
Partner

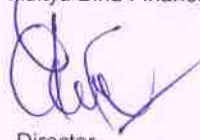
Membership No. : 094533



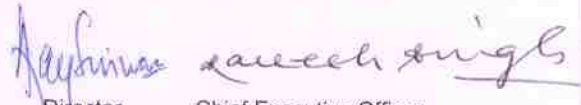
Place: Mumbai

Date: April 17, 2013

For and on behalf of the Board of Directors of  
Aditya Birla Finance Limited

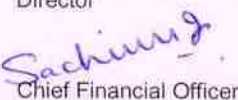


Director



Director

Chief Executive Officer



Chief Financial Officer



Manager



Place: Mumbai

Date: April 17, 2013



ADITYA BIRLA FINANCE LIMITED

Profit and Loss Account for the period April 01, 2012 to March 31, 2013

INCOME	Notes	Year Ended	Year Ended
		31st March, 2013	31st March, 2012
		Rs.	Rs.
Revenue from Operations	14	7,15,07,65,339	3,50,16,68,276
Other Income	15	4,93,19,003	37,18,973
<b>Total</b>		<b>7,20,00,84,342</b>	<b>3,50,53,87,249</b>
<b>EXPENSES</b>			
Finance Cost	16	4,39,16,76,071	2,00,99,83,857
Employee Benefit Expenses	17	60,05,81,841	29,26,20,119
Other Expenses	18	38,52,73,257	20,16,74,673
Depreciation and Amortisation Expenses		2,52,43,940	2,36,88,334
Bad debts and Provision for Non-Performing Assets( Net)	19	21,50,23,794	10,15,78,718
General Provision on Standard Assets		11,08,13,000	3,96,33,000
<b>Total</b>		<b>5,72,86,11,903</b>	<b>2,66,91,78,701</b>
<b>PROFIT BEFORE TAX</b>		<b>1,47,14,72,439</b>	<b>83,62,08,548</b>
Tax Expenses			
Current Tax		57,70,00,000	32,40,00,000
Deferred Tax Expenses/(Benefits) -(Net)		(10,70,49,130)	(4,87,55,398)
Income Tax relating to earlier years		(15,13,230)	(13,35,760)
<b>PROFIT FOR THE YEAR</b>		<b>1,00,30,34,799</b>	<b>56,22,99,706</b>
Basic and Diluted Earnings per share (Face Value Rs.10)	20	9.40	5.30

Other Notes to Accounts

Notes referred to above form an integral part of the Financial Statements.

*S.V. Ghatalia & Associates UP*

As per our report of even date

For S.V. Ghatalia & Associates LLP  
ICAI Firm Registration No. : 103162W  
Chartered Accountants

*Amit Kabra*

per Amit Kabra  
Partner  
Membership No. : 094533



Place: Mumbai  
Date: April 17, 2013

For and on behalf of the Board of Directors of  
Aditya Birla Finance Limited

*Sachin*

Director  
Chief Financial Officer

Place: Mumbai  
Date: April 17, 2013

*Harsh*

Director

*Raveesh Singh*

Chief Executive Officer

*M. K. Singh*  
Manager



## Cash Flow Statement for the year ended March 31, 2013

	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
<b>A) Cash Flow from Operating Activities :</b>				
Net Profit before Tax		1,47,14,72,439		83,62,08,548
Adjustments for :				
Depreciation/ Amortisation	2,52,43,940		2,36,88,334	
Retirement Benefits	1,42,70,574		(9,28,300)	
Bad debts and Provision for Non-Performing Assets( Net)	16,67,54,734		10,15,82,066	
General Provision on Standard Assets	11,08,13,000		3,96,33,000	
Provision for diminution in Investments	3,36,87,360		-	
Loss/(Gain) on Sale of Investments	(81,35,000)		(5,41,937)	
Loss/(Gain) on Sale of Fixed Assets	1,93,614		(3,87,087)	
Dividend Income	(8,95,294)		(4,61,398)	
		34,19,32,928		16,25,84,678
Operating Profit before Working Capital changes		1,81,34,05,367		99,87,93,226
Adjustments for :				
(Increase)/decrease in Trade Receivables	(4,38,40,552)		(75,76,111)	
(Increase)/decrease in Loans and Advances	(36,51,51,34,454)		(16,46,07,31,993)	
(Increase)/decrease in Stock of Securities	(4,08,20,63,757)		3,78,39,031	
(Increase)/decrease in Other Liabilities and Trade Payable	66,37,60,008		79,06,34,387	
		(39,97,72,78,755)		(15,63,98,34,686)
Cash Generated from Operations		(38,16,38,73,388)		(14,64,10,41,460)
Direct Taxes Paid	(54,11,38,280)		(31,34,70,781)	
		(54,11,38,280)		(31,34,70,781)
<b>Net Cash from/(used in) Operating Activities</b>		<b>(38,70,50,11,668)</b>		<b>(14,95,45,12,241)</b>
<b>B) Cash Flow from Investing Activities :</b>				
Purchase of Tangible and Intangible Assets	(7,22,15,311)		(2,24,91,440)	
Intangible assets under development and Capital Work in Progress	(66,30,845)		(2,99,32,637)	
Purchase of Securities	(6,14,40,74,771)		(1,55,42,95,750)	
Sale of Securities	2,24,03,15,176		1,29,21,52,545	
Dividend Received	8,95,294		4,61,398	
Sale of Tangible Assets	2,86,618		19,43,090	
		(3,98,14,23,839)		(31,21,62,794)
<b>Net Cash from/(used in) Investing Activities</b>		<b>(3,98,14,23,839)</b>		<b>(31,21,62,794)</b>
<b>C) Cash Flow from Financing Activities :</b>				
Dividend on Preference Share and Corporate Dividend Tax	(3,50,785)		(1,53,110)	
Proceeds from Borrowings	1,79,83,75,71,557		1,24,16,52,08,573	
Repayment of Borrowings	(1,40,82,93,12,283)		(1,09,52,62,74,653)	
Share Premium	84,68,25,000		-	
Equity Share Capital	40,32,50,000		-	
Preference Share Capital	2,25,00,00,000		75,00,00,000	
		42,50,79,83,489		15,38,87,80,810
<b>Net Cash from/(used in) Financing Activities</b>		<b>42,50,79,83,489</b>		<b>15,38,87,80,810</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>		<b>(17,84,52,018)</b>		<b>12,21,05,775</b>
Cash and Cash Equivalents ( Opening Balances )		17,92,40,898		5,71,35,123
Cash and Cash Equivalents ( Closing Balances )		7,88,880		17,92,40,898
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>		<b>(17,84,52,018)</b>		<b>12,21,05,775</b>

## Notes to Cash Flow Statement

## 1) Cash and Cash Equivalents include

Cash in hand

Balances with Banks in Current Accounts

7,88,880

17,92,40,898

7,88,88017,92,40,898

## 2) Previous year figures have been regrouped and rearranged where ever necessary.

As per our report of even date  
For: S.V. Ghatalia & Associates LLP  
ICAI Firm Registration No. : 103162W  
Chartered Accountants

per Amit Kabra  
Partner  
Membership No. : 094533

Place: Mumbai  
Date: April 17, 2013



For and on behalf of the Board of Directors of  
Aditya Birla Finance Limited

*Sachin*  
Chief Financial Officer  
Place: Mumbai  
Date: April 17, 2013

*Sachin*  
Director

*Sachin*  
Chief Executive Officer

*Sachin*  
Manager





