

Independent Auditor's Review Report on the Quarterly and year to date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Aditya Birla Finance Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Aditya Birla Finance Limited (the 'Company') for the quarter and nine months ended December 31, 2019 in the format specified in Division III of Schedule III of Companies Act, 2013 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, (the "Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular and Notification, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005



per Viren H. Mehta
Partner
UDIN No.: 20048749AAAAAM4268
Membership No.: 048749
Mumbai
January 30, 2020

Aditya Birla Finance Limited
Statement of Unaudited Financial Results for the quarter and nine months ended 31 December, 2019

(₹ in Lakhs)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31 Dec, 2019 Unaudited	30 Sep, 2019 Unaudited	31 Dec, 2018 Unaudited	31 Dec, 2019 Unaudited	31 Dec, 2018 Unaudited	31 March, 2019 Audited
1	Revenue from Operations						
	Interest Income	139,983.44	140,964.17	136,705.12	428,469.06	378,218.51	519,297.44
	Dividend Income	0.73	-	92.05	820.73	912.05	1,100.02
	Fees and Commission Income	8,264.75	9,649.20	7,168.89	27,918.81	25,527.90	34,797.07
	Net gain on Fair Value Changes	4,006.35	5,202.24	2,203.00	12,359.22	3,296.50	5,532.05
	Total Revenue from Operations	152,255.27	155,815.61	146,169.06	469,567.82	407,954.96	560,726.58
2	Other Income	137.56	248.55	33.75	854.18	531.30	561.33
3	Total Income (1+2)	152,392.83	156,064.16	146,202.81	470,422.00	408,486.26	561,287.91
4	Expenses						
	Finance costs	88,476.54	90,951.43	87,094.28	271,947.26	239,947.71	327,601.31
	Impairment on Financial Instruments	15,500.70	13,441.93	6,869.85	38,568.98	14,756.82	20,670.86
	Employee benefit expenses	10,215.95	10,770.50	11,209.53	32,353.52	32,813.54	44,573.37
	Depreciation, Amortization and Impairment	1,168.11	1,160.21	649.24	3,425.54	1,813.98	2,477.19
	Other expenses	9,782.14	8,033.19	8,066.16	25,103.56	21,622.90	33,163.76
	Total Expenses	125,143.44	124,357.26	113,889.06	371,398.86	310,954.95	428,486.49
5	Profit before exceptional items and tax (3-4)	27,249.39	31,706.90	32,313.75	99,023.14	97,531.31	132,801.42
6	Tax Expenses						
	Current Tax	8,410.00	3,726.44	12,300.00	27,906.44	36,316.44	51,816.44
	Deferred Tax Expenses / (Benefits)- (Net)	(1,475.39)	6,977.96	(1,154.63)	3,561.33	(2,947.27)	(5,673.69)
	Prior year adjustments	-	(839.31)	-	(839.31)	(45.01)	(213.60)
	Total Tax Expenses	6,934.61	9,865.09	11,145.37	30,628.46	33,324.16	45,929.15
7	Profit for the period/year (5-6)	20,314.78	21,841.81	21,168.38	68,394.68	64,207.15	86,872.27
8	Other Comprehensive Income (OCI)						
	Items that will not be reclassified to profit and loss						
	Re-measurement profit / (loss) on defined benefit plans	19.09	(113.83)	(100.02)	(171.35)	(96.26)	(47.80)
	Income tax effect of above	(4.80)	21.16	34.95	43.13	33.64	16.70
	Gain/(Loss) on Investments	-	(13.89)	62.50	(13.89)	62.50	62.50
	Income tax effect of above	-	3.50	(21.84)	3.50	(21.84)	(21.84)
	Items that will be reclassified to profit and loss						
	Fair Value change on derivatives designated as cash flow hedge	(479.12)	-	-	(479.12)	-	-
	Income tax impact on above	120.58	-	-	120.58	-	-
	Total other comprehensive income	(344.25)	(103.06)	(24.41)	(497.15)	(21.96)	9.56
9	Total Comprehensive Income for the period/year (7+8)	19,970.53	21,738.75	21,143.97	67,897.53	64,185.19	86,881.83
10	Paid up Equity share Capital of ₹ 10 each	65,624.52	65,624.52	65,339.35	65,624.52	65,339.35	65,624.52
11	Reserve excluding Revaluation Reserve	-	-	-	-	-	676,029.79
12	Basic/Diluted Earnings per share (in ₹) (Not annualised except for year ended 31 March, 2019)	3.10	3.33	3.24	10.42	9.90	13.37

Notes:

- These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective Meeting held on 30 January, 2020. The statutory auditors of the Company have carried out Limited Review of the aforesaid results.



Aditya Birla Finance Limited

Statement of Unaudited Financial Results for the quarter and nine months ended 31 December, 2019

3 The Company is primarily engaged in financing activities. It operates in 3 segments namely financing activities, trading and other activities and wealth business. Segment wise breakup is disclosed as follows.

Particulars	(₹ in Lakhs)					
	Quarter ended			Nine months ended		Year ended
	31 Dec, 2019 Unaudited	30 Sep, 2019 Unaudited	31 Dec, 2018 Unaudited	31 Dec, 2019 Unaudited	31 Dec, 2018 Unaudited	31 March, 2019 Audited
Segment Revenue						
Financing Activities	147,743.58	151,568.39	143,379.05	457,910.47	400,364.21	550,782.40
Trading Activities	3,624.92	3,669.86	1,585.42	9,368.60	3,144.43	4,122.39
Wealth Business	1,024.33	825.91	1,238.34	3,142.93	4,977.62	6,383.12
Total Segment Revenue	152,392.83	156,064.16	146,202.81	470,422.00	408,486.26	561,287.91
Segment Results (Profit Before Tax)						
Financing Activities	23,453.82	28,404.41	31,263.50	90,495.87	95,961.56	150,718.63
Trading Activities	3,446.05	3,485.92	1,521.41	8,697.85	2,201.54	3,010.84
Wealth Business	349.52	(273.43)	(471.25)	(170.58)	(631.79)	(928.05)
Total Segment Results	27,249.39	31,706.90	32,313.75	99,023.14	97,531.31	132,801.42
Segment Assets						
Financing Activities	4,862,386.83	4,935,930.53	5,059,962.58	4,862,386.83	5,059,962.58	5,168,187.89
Trading Activities	308,086.70	235,262.84	-	308,086.70	-	25,097.58
Wealth Business	3,834.35	3,414.81	4,676.66	3,834.35	4,676.66	3,794.85
Unallocated Corporate Assets	31,019.85	27,645.85	17,747.76	31,019.85	17,747.76	20,726.44
Total Assets	5,205,327.73	5,202,254.03	5,082,387.00	5,205,327.73	5,082,387.00	5,217,806.76
Segment Liabilities						
Financing Activities	4,132,598.36	4,210,514.99	4,367,687.82	4,132,598.36	4,367,687.82	4,451,625.38
Trading Activities	260,483.40	199,533.63	-	260,483.40	-	21,413.98
Wealth Business	3,323.17	3,253.14	3,241.49	3,323.17	3,241.49	3,113.09
Total Liabilities	4,396,404.93	4,413,301.76	4,370,929.31	4,396,404.93	4,370,929.31	4,476,152.45
Capital Employed						
Financing Activities	729,788.47	725,415.54	692,274.76	729,788.47	692,274.76	716,562.51
Trading Activities	47,603.30	35,729.21	-	47,603.30	-	3,683.60
Wealth Business	511.18	161.67	1,435.17	511.18	1,435.17	681.76
Unallocated Corporate Assets	31,019.85	27,645.85	17,747.76	31,019.85	17,747.76	20,726.44
Total Capital Employed	808,922.80	788,952.27	711,457.69	808,922.80	711,457.69	741,654.31

4 The Company has adopted Ind AS 116, which is effective from 1 April, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April, 2019). Accordingly the Company has not restated comparative information, instead, the cumulative effect of initially applying the standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April, 2019. This has resulted in recognising a right-of-use asset of ₹ 8,205.69 lakhs, a corresponding lease liability of ₹ 9,046.30 lakhs and deferred tax assets created on the same for ₹ 211.57 lakhs by adjusting retained earnings of ₹ 629.04 lakhs as at 1 April, 2019. In the Profit and Loss account for the current period, the nature of expenses in respect of Operating Lease has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The impact on the Profit and Loss account for the quarter and nine months ended 31 December, 2019 is as below:

Particulars	Amount without Ind AS 116 application	Amount due to Ind AS 116 Impact	Impact on PBT		
			For the quarter ended		
			For the nine months ended	For the quarter ended	
			31-Dec-19	30 Sept, 2019	
Rent Expense	3,305.81	1,629.49	1,676.32	564.23	580.11
Depreciation	2,070.56	3,425.54	(1,354.98)	(455.21)	(473.24)
Interest Expense	271,437.19	271,947.26	(510.07)	(164.43)	(170.21)

5 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the current financial year.

Accordingly, charge of ₹ 1,391.53 lakhs is recognised in the profit after tax for the quarter ended 30 September, 2019. This was a result of the gain arising due to the reduction in income tax rate amounting to ₹ 4,102.80 lakhs pertaining to the quarter ended 30 June, 2019 offset by a charge on account of re-measurement of opening deferred tax assets amounting to ₹ 5,494.33 lakhs.

Cumulative benefit of ₹ 4,456.90 lakhs is recognised in the profit after tax which was a result of the gain arising due to reduction in income tax rate amounting to ₹ 9,951.23 lakhs for the nine months ended 31 December, 2019 offset by a charge on account of re-measurement of opening deferred tax assets amounting to ₹ 5,494.33 lakhs.

6 At the meeting of the Board of Directors held on September 10, 2019, the Board had approved the Scheme of Arrangement under Section 230 - 232 and other applicable provisions of the Companies Act, 2013, for merger of Transaction business of Aditya Birla MyUniverse Limited with the Company. The National Company Law Tribunal, bench at Ahmedabad (NCLT) passed an order on 13 December, 2019 approving the Scheme of Arrangement and the Transactions Business Merger Committee at its meeting held on 01 January, 2020 made Scheme effective from 01 January, 2020. Both the companies are wholly owned subsidiaries of Aditya Birla Capital Limited.

7 Previous period / year figures have been regrouped / rearranged wherever necessary to conform to the current period / year presentation.

Place : Mumbai
Date: 30 January, 2020

Ajay Prinivasan
Director
(DIN - 00121181)

Rakesh Singh
Managing Director and Chief Executive Officer
(DIN - 07006067)

