

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

ANNUAL ACCOUNTS FOR THE F.Y. ENDED 2009-10

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

AUDITORS' REPORT

To,

The Members of Aditya Birla Financial Services Private Limited

1. We have audited the attached Balance Sheet of Aditya Birla Financial Services Private Limited (the 'Company') as at March 31, 2010 and also the Profit and Loss Account, and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;

- iii. The balance sheet, profit and loss account, and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, profit and loss account, and cash flow statement, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.,
Firm registration number: 301003E
Chartered Accountants

Per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai,

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the 3rd Annual Report, together with the Audited Accounts of your Company for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE

The summarized standalone results of your Company are given in the table below :-

Particulars	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Income	1,09,04,660	7,79,230
Expenditure	7,55,76,641	1,50,147
Profit / (loss) before tax	(6,46,71,981)	6,29,083
Less : Provision for tax		
- Current tax	—	1,95,000
- Deferred tax	—	—
- Fringe benefit tax	—	—
Net Profit / (loss) after tax	(6,46,71,981)	4,34,083
Add : Balance brought forward from previous period	1,53,513	(2,80,570)
Surplus / (Deficit) carried to Balance sheet	(6,45,18,468)	1,53,513

DIVIDEND

In view of losses made your Directors do not recommend any dividend for the year under review.

SUBSIDIARY COMPANIES

During the year, following companies became subsidiaries of your Company.

- 1) Aditya Birla Capital Advisors Pvt. Ltd.
- 2) Aditya Birla Financial Shared Services Ltd.
- 3) Aditya Birla Customer Services Pvt. Ltd.
- 4) Aditya Birla Trustee Company Pvt. Ltd.
- 5) Aditya Birla Money Insurance Advisory Services Ltd.
- 6) Aditya Birla Money Limited.

As per Section 212 of the Companies Act, 1956, Subsidiary Companies Directors' Report, Auditors' Report, Balance Sheet, and Profit and Loss Account, are required to be attached to the Balance Sheet of the Company. Accordingly the said documents are attached as annexure to this report.

COMPULSORILY CONVERTIBLE PREFERENCE SHARES: (CCPS)

During the year under review, your Company issued 40 crores Compulsorily Convertible Preference Shares with a Face Value of Rs.10/- each to Aditya Birla Nuvo Limited, the Holding Company, aggregating to Rs. 400 crores with the approval of the shareholders in the Extraordinary General Meeting held on 17th February, 2010.

SHIFTING OF REGISTERED OFFICE

With effect from October 28, 2009 your Company has shifted its registered office from the State of Maharashtra to the State of Gujarat after obtaining

all statutory approvals in this regard. The registered office of the Company is now situated at Indian Rayon Compound, Junagadh District, Veraval - 362 266.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Company is committed to maintaining the highest standards of Corporate Governance.

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have 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 at the end of the financial year and of the loss of the company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There are no employees of the Company drawing more than Rupees Twenty Four Lakh per annum or Rupees Two Lakh per month as the case may be. As such no particulars are required to be given under the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSITS

Your Company has not accepted any fixed deposits during the financial year 2009-10. There was no unclaimed deposit and interest accrued as on March 31, 2010.

AUDITORS

The report of the Statutory Auditors is attached to this report. All the notes to Schedules and Accounts are self-explanatory and do not call for any further comments.

Your Directors request you to appoint Auditors for the current year as set out in the accompanying notice of the Annual General Meeting.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board
Aditya Birla Financial Services Private Limited

Shriram Jagetiya Anil Chirania
Director Director

Date : May 03, 2010
Place: Mumbai

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

Balance Sheet as at March 31, 2010				Profit and Loss Account for the year ended March 31, 2010			
	Schedules	As at March 31, 2010	As at March 31, 2009		Schedules	Year ended March 31, 2010	Year ended March 31, 2009
(Amount in Rupees)				(Amount in Rupees)			
SOURCES OF FUNDS				INCOME			
Shareholders' Funds				Income from Operations 8 10,900,184 779,230			
Share Capital	1	5,100,000,000	20,600,000	Other Income		4,476	—
Reserves and Surplus	2	—	153,513	Total		<u>10,904,660</u>	<u>779,230</u>
Deferred Tax (net) [Refer note C8 of Schedule 10]		—	—	EXPENDITURE			
Total		<u>5,100,000,000</u>	<u>20,753,513</u>	Administration and Other Expenses 9		73,096,688	113,900
APPLICATION OF FUNDS				Interest and Finance Expenses		14,955	36,247
Fixed Assets 3				Depreciation		2,464,998	—
Gross Block		22,465,089	—	Total		<u>75,576,641</u>	<u>150,147</u>
Less: Accumulated Depreciation		2,464,998	—	Profit/(Loss) before tax		(64,671,981)	629,083
Net Block		20,000,091	—	Less: Provision for tax			
Investments 4		3,531,217,035	460,650	Current tax		—	195,000
Current Assets, Loans and Advances				Deferred tax		—	—
Cash and Bank balances 5		1,311,826	42,513,533	Net Profit/(loss) after tax		(64,671,981)	434,083
Loans and Advances 6		1,507,619,607	1,843,833	Add: Balance brought forward from previous period		153,513	(280,570)
	(A)	<u>1,508,931,433</u>	<u>44,357,366</u>	Balance carried to Balance Sheet		<u>(64,518,468)</u>	<u>153,513</u>
Less: Current Liabilities and Provisions				Basic Earnings Per Share		(0.90)	0.52
Current liabilities 7		24,667,028	24,064,503	Diluted Earnings Per Share		(0.90)	0.52
	(B)	<u>24,667,028</u>	<u>24,064,503</u>	(Nominal value per share Rs. 10) (Refer Note No C7 of schedule 10)			
Net Current Assets	(A-B)	1,484,264,405	20,292,863	Notes to Accounts	10		
Debit balance in Profit and Loss Account		64,518,468	—				
Total		<u>5,100,000,000</u>	<u>20,753,513</u>				
Notes to Accounts	10						
The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.				The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account			
As per our report of even date For and on behalf of the Board of Directors of Aditya Birla Financial Services Private Limited				As per our report of even date For and on behalf of the Board of Directors of Aditya Birla Financial Services Private Limited			
For S.R. Batliboi & Co. Firm registration no.: 301003E Chartered Accountants		Shriram Jagetiya Director	Anil Chirania Director	For S.R. Batliboi & Co. Firm registration no.: 301003E Chartered Accountants		Shriram Jagetiya Director	Anil Chirania Director
per Shrawan Jalan Partner Membership No. 102102		Geetika Anand Manager and Company Secretary		per Shrawan Jalan Partner Membership No. 102102		Geetika Anand Manager and Company Secretary	
Place : Mumbai Date : May 05, 2010		Place : Mumbai Date : May 05, 2010		Place : Mumbai Date : May 05, 2010		Place : Mumbai Date : May 05, 2010	

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

PARTICULARS	2009-10	2008-09
(In Rupees)		
Cash Flow Statement for the year ended 31st March, 2010		
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	(64,671,981)	629,083
Adjustments for :		
Depreciation	2,464,998	0
(Profit) / Loss on sale of Equity Shares	—	250
Interest Expenses	—	36,247
	<u>2,464,998</u>	<u>36,247</u>
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	(62,206,983)	665,580
Changes in working capital:		
(Increase) / Decrease in trade and other Receivables	(1,504,924,788)	(1,827,260)
Increase / (Decrease) in trade and other payables	602,525	23,834,649
	<u>(1,504,322,263)</u>	<u>22,007,389</u>
CASH GENERATED FROM OPERATIONS	(1,566,529,246)	22,672,969
Taxes paid	(850,987)	(211,573)
	<u>(850,987)</u>	<u>(211,573)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(1,567,380,233)</u>	<u>22,461,396</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale / Redemption of investments	3,183,917,370	300,000
Purchase of fixed assets	(22,465,089)	—
Investment in Equity Shares of Subsidiary	(2,762,421,315)	(760,900)
Sale of Equity Shares of Subsidiary	240,753,095	—
Purchase of investments	(4,193,005,585)	—
	<u>(3,553,221,474)</u>	<u>(460,900)</u>
NET CASH (DECREASE)/INCREASE FROM INVESTING ACTIVITIES	<u>(3,553,221,474)</u>	<u>(460,900)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	1,079,400,000	20,500,000
Proceeds from issue of preference shares	4,000,000,000	—
Proceeds from Borrowings	—	750,000
Repayment of Borrowings	—	(750,000)
Interest on Loan	—	(36,247)
	<u>5,079,400,000</u>	<u>20,463,753</u>
NET CASH (DECREASE)/INCREASE FROM FINANCING ACTIVITIES	<u>5,079,400,000</u>	<u>20,463,753</u>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(41,201,707)	42,464,249
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	42,513,533	49,284
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	<u>1,311,826</u>	<u>42,513,533</u>
Note:		
1 Cash and cash equivalents include cheques in hand and remittance in transit		
Cash in hand	85	356
Cash at bank	1,311,741	42,513,177
	<u>1,311,826</u>	<u>42,513,533</u>
2 Previous year's figures have been regrouped / rearranged to confirm to the current year's presentation, wherever necessary.		
As per our report of even date	For and on behalf of the Board of Directors of Aditya Birla Financial Services Private Limited	
For S.R. Batliboi & Co. Firm registration no.: 301003E Chartered Accountants	Shriram Jagetiya Director	Anil Chironia Director
per Shrawan Jalan Partner Membership No. 102102	Geetika Anand Manager and Company Secretary	
Place : Mumbai Date : May 05, 2010	Place : Mumbai Date : May 05, 2010	

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

Schedule 10 - Liabilities forming part of Balance Sheet as at March 31, 2010		(Amount in Rupees)	
	As at March 31, 2010	As at March 31, 2009	
SCHEDULE 10 - LIABILITIES			
Sundry creditors (Refer Note C3 of Schedule 10)			
(a) total outstanding dues of micro enterprises and small enterprises	—	—	
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	7,996,620	23,858,463	
Other liabilities	16,670,408	206,040	
Total	24,667,028	24,064,503	
SCHEDULE 11 - INCOME FROM OPERATIONS			
Interest on Fixed deposit with Banks (Tax Deducted at Source of Rs. Nil (Previous year- Rs. 1,59,327/-))	225,015	779,230	
Interest Received on Loan (Tax Deducted at Source of Rs. Nil (Previous year- Rs. Nil))	657,534	—	
Profit on sale of Mutual Fund	10,017,635	—	
Total	10,900,184	779,230	
SCHEDULE 12 - ADMINISTRATION AND OTHER EXPENSES			
Rent and Maintenance Cost	40,905,040	—	
Rates and taxes	27,830,400	22,520	
Electricity Charges	2,253,321	—	
General Expenses	1,851,056	604	
Legal and Professional fees	122,988	1,000	
Loss on sale of shares	—	250	
Auditors remuneration - Audit fees	110,304	55,150	
- Certification fees	23,514	34,376	
- Out of Pocket Expenses	65	—	
Total	73,096,688	113,900	

SCHEDULE 10 - NOTES TO ACCOUNTS									
A. NATURE OF OPERATIONS	Aditya Birla Financial Services Private Limited (the 'Company') is a Non Banking Financial Company. The Company was incorporated on October 15, 2007 and has received a Certificate of Registration from the Reserve Bank of India ('RBI') on May 19, 2009 to commence / carry on the business of Non-Banking Financial Institution without accepting public deposits. The Company is engaged in investments and financial activities.								
B. SIGNIFICANT ACCOUNTING POLICIES									
1. Basis of preparation	The financial statements have been prepared to comply in all material respects with the <i>Modified Accounting Standard by Companies Accounting Standards Rules, 2006</i> and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis, except for dividend from mutual fund units, which is in accordance with the Non-Banking Financial Companies Prudential Norms, 1998 ('NBFC Regulation'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.								
2. Use of estimates	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period and. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.								
3. Fixed assets and depreciation	<p>Tangible Assets</p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use.</p> <p>Leasehold improvements are depreciated on straight line basis over 5 years.</p> <p>Depreciation</p> <p>Depreciation is provided using Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, except in the case of the following where depreciation is equally charged over the estimated useful lives.</p> <table border="1"> <thead> <tr> <th></th> <th>Estimated useful life</th> </tr> </thead> <tbody> <tr> <td>Office Computers</td> <td>- 4 years</td> </tr> <tr> <td>Furniture, Fixtures and Electric Fittings</td> <td>- 7 years</td> </tr> <tr> <td>Office Electronic Equipments</td> <td>- 4 years</td> </tr> </tbody> </table> <p>Depreciation on the Fixed Assets added/dropped off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.</p> <p>Tangible assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.</p> <p>Impairment</p> <p>The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.</p>		Estimated useful life	Office Computers	- 4 years	Furniture, Fixtures and Electric Fittings	- 7 years	Office Electronic Equipments	- 4 years
	Estimated useful life								
Office Computers	- 4 years								
Furniture, Fixtures and Electric Fittings	- 7 years								
Office Electronic Equipments	- 4 years								
4. Foreign currency transactions	<p>(i) Initial Recognition</p> <p>Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.</p> <p>(ii) Conversion</p> <p>Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.</p> <p>(iii) Exchange Differences</p> <p>Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.</p>								

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

59 - SCHEDULE 19 - NOTES TO ACCOUNTS (CONTD.)

5. Provisions

A provision is recognized when the enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

6. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease period.

7. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

8. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income

Interest on income is recognised on a time proportion accrual basis, except in the case of non-performing assets, which are recognised on realisation.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized in accordance with the NBFC Regulation.

Profit/ Loss on sale of investments

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

9. Taxation

Income tax comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period 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.

C NOTES ON ACCOUNTS

1. Contingent liabilities and commitments

a. Contingent Liabilities not provided for in respect of:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Uncalled commitment in respect of investments in units of Aditya Birla Private Equity Fund I	1,409,010,000	Nil

b. Capital commitments:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

2. Loans and Advances includes

Amount Receivable from	Balance as on March 31, 2009	Balance as on March 31, 2010	Maximum amount due at any time during the year ended March 31, 2010	Maximum amount due at any time during the year ended March 31, 2009
(I) Subsidiaries				
Aditya Birla Capital Advisors Private Limited	Nil	9,015	187,117	Nil
Birla Insurance Advisory and Broking Services Limited	Nil	101,998	101,998	Nil
(II) Fellow Subsidiaries				
Aditya Birla Money Mart Limited	Nil	478,443	478,443	Nil
Birla Sun Life Insurance Company Limited	Nil	140,754	140,754	Nil
(III) Joint Venture				
Birla Sun Life Asset Management Company Limited	Nil	763,149	763,149	Nil

3. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

The Company did not have any transactions with Small, Micro and Medium Enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" and hence there are no amounts due to such undertakings. The identification of units is based on the management's knowledge of their status.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
The amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

4. Segmental Reporting

The Company has single reportable segment, viz., investment and financial activity for the purpose of Accounting Standard (AS)-17 on 'Segment Reporting'. The Company does not have any reportable geographical segment.

5. Related Party Disclosure:

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Relationship	Name of the Party
Holding Company	Aditya Birla Nuvo Limited
Subsidiaries	Aditya Birla Capital Advisors Pvt. Limited Aditya Birla Customer Services Private Limited Aditya Birla Financial Shared Services Limited Aditya Birla Trustee Company Private Limited Aditya Birla Money Limited (formerly known as Apollo Sindhoo Capital Investment Limited Birla Insurance Advisory & Broking Services Limited Aditya Birla Securities Private Limited (ceased to be subsidiary w.e.f. March 13, 2009)

Joint Ventures
Birla Sun Life Asset Management Company Limited
Birla Sun Life Trustee Company Private Limited

Names of other related parties with whom transactions have taken place during the year:

Relationship	Name of the Party
Fellow Subsidiaries	Aditya Birla Finance Limited (formerly known as Birla Global Finance Limited) Aditya Birla Money Mart Limited (formerly known as Birla Sun Life Distribution Company Limited) Birla Sun Life Insurance Company Limited Aditya Birla Capital Limited (formerly known as Laxminarayan Investment Limited)

Key Management Personnel
Geetika Anand, Manager (in terms of Sec. 269 of the Companies Act, 1956)
Shriram Jagetiya, Director
Anil Chirania, Director

Refer Annexure 1 for the transactions with related parties.

6. Operating Leases

The Company's significant leasing arrangements are in respect of operating leases are for office premises. The lease term is for 3 years and renewable for further two terms of 3 years at the option of the Company. There is an escalation clause in the lease arrangement at the end of every 3 years. There are no restrictions imposed by lease arrangements. There are no subleases. The aggregate lease rentals payable are charged to the profit and loss account.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Lease payments recognised in the profit and loss account	35,102,708	Nil

Details of non-cancellable leases are as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Minimum Lease Payments:		
Not later than one year	29,179,308	Nil
Later than one year but not later than five years	29,179,308	Nil
Later than five years	—	Nil

7. Earnings Per Share ('EPS')

Basic and diluted EPS has been computed by dividing the net profit after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net Profit / (loss) considered for basic EPS calculation	(64,671,981)	434,083
Weighted average number of equity shares for calculating basic EPS	72,111,562	835,616
Nominal value per share	10	10
Basic and Diluted * EPS	(0.90)	0.52

* As the conversion of preference shares results into reduction of loss per share, the same has been considered to be anti-dilutive and, hence, the same has not been considered for diluted earnings per share calculations.

8. Deferred Tax Liabilities/ Assets

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liability		
On depreciation	347,400	—
Sub-Total	347,400	—
Deferred Tax Asset		
On unabsorbed losses	21,674,742	—
Sub-Total	21,674,742	—
Deferred tax assets to the extent of liability	347,400	—
Deferred tax (assets)/ liabilities (net)	Nil	Nil

9. Joint Venture Disclosures:

i) Jointly Controlled Entity by the Company:

Name of the Entity	Country of incorporation	% Holding	
		March 31, 2010	March 31, 2009
Birla Sun Life Asset Management Company Limited	India	49.99%	Not applicable
Birla Sun Life Trustee Company Private Limited	India	49.99%	Not applicable

ii) Company's share of in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities are as follows:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Assets	583,442,779	Not applicable
Liabilities	175,000,000	Not applicable
Revenue	505,298,402	Not applicable
Other expenses (inclusive Depreciation and Taxation)	262,896,000	Not applicable
Profit/ (Loss) after tax	242,402,402	Not applicable
Capital Commitments	16,180,945	Not applicable
Contingent liabilities	23,018,221	Not applicable

10. Issued, Subscribed and Paid up capital includes 400,000,000 (previous year: Nil) 0% Compulsory Convertible Preference Share (CCPS) of Rs.10 each, fully paid up, which are compulsorily convertible into equity shares of Rs. 10 each, fully paid up at a premium of Rs. 90 per share on expiry of five years from the date of allotment.

11. Investments include certain investments as detailed below which are in the process of being registered in the name of the Company:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Birla Sun Life Trustee Company Limited	9,950	Nil
Birla Sun Life Asset Management Company Limited	70	Nil
Birla Insurance Advisory and Broking Services Limited	225	Nil

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of the Schedule VI to the Companies Act, 1956 have been given to the extent applicable and necessary.

13. The figures for the previous year have been re-grouped/re-arranged wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors of Aditya Birla Financial Services Private Limited

For S.R. Batliboi & Co.
Firm registration no.: 301003E
Chartered Accountants

Shriram Jagetiya
Director
Anil Chirania
Director

per Shrawan Jalan
Partner
Membership No. 102102

Geetika Anand
Manager and Company Secretary

Place : Mumbai
Date : May 05, 2010

Place : Mumbai
Date : May 05, 2010

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

Transaction with related parties during the year ended March 31, 2010							Annexure - I
During the year following transactions were carried out with the related parties in the ordinary course of business:-							(Amount in Rs.)
Transaction/Nature of Relationship	Holding Company	Subsidiary Companies	Joint Ventures of Holding Company	Fellow Subsidiaries	Other Entities over which the Company having control	Grand Total	
Issue of Equity Shares:-							
Aditya Birla Nuvo Limited	1,079,400,000 (20,000,000)	--	--	--	--	1,079,400,000 (20,000,000)	
ABNL Investment Limited (Formerly A B Capital Limited)	--	--	--	(500,000)	--	(500,000)	
Issue of Preference Shares:-							
Aditya Birla Nuvo Limited	4,000,000,000	--	--	--	--	4,000,000,000	
	1,079,400,000 (20,000,000)	--	--	--	--	1,079,400,000 (20,500,000)	
Purchase of Equity Shares of							
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	240,753,095	--	--	--	--	240,753,095	
Aditya Birla Money Limited	2,483,028,000	--	--	--	--	2,483,028,000	
Birla Insurance Advisory & Broking Services Limited (Purchase from Aditya Birla Finance Limited)	--	3,000,120	--	--	--	3,000,120	
Birla Sun Life Asset Management Company Limited	143,099,052	--	--	--	--	143,099,052	
Birla Sun Life Trustee Company Private Limited	99,700	--	--	--	--	99,700	
Aditya Birla Customer Services Private Limited	40,000	--	--	--	--	40,000	
Aditya Birla Shared Services Private Limited (Purchased from ABNL Investment Limited)	--	--	--	500,000	--	500,000	
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	276,222,550	--	--	--	--	276,222,550	
	2,867,019,847	3,000,120	--	--	--	2,870,019,967	
Subscription to Equity Shares of							
Aditya Birla Capital Advisors Private Limited	--	34,700,000 (200,000)	--	--	--	34,700,000 (200,000)	
Aditya Birla Securities Private Limited	--	(200,000)	--	--	--	(200,000)	
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	--	128,250,550	--	--	--	128,250,550	
Aditya Birla Trustee Company Private Limited	--	400,000	--	--	--	400,000	
	--	162,950,550 (400,000)	--	--	--	162,950,550 (400,000)	
Sale of Equity Shares of							
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	240,753,095	--	--	--	--	240,753,095	
	240,753,095	--	--	--	--	240,753,095	
Advance given to							
Aditya Birla Customer Services Private Limited	--	2,590,000	--	--	--	2,590,000	
	--	2,590,000	--	--	--	2,590,000	
TDS paid on behalf of the Company by							
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	--	555,120	--	--	--	555,120	
	--	555,120	--	--	--	555,120	
Expenses paid on behalf of							
Aditya Birla Capital Advisors Private Limited	--	3,540,750	--	--	--	3,540,750	
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	--	--	--	26,331	--	26,331	
Birla Insurance Advisory & Broking Services Limited	--	--	--	11,645	--	11,645	
Birla Sun Life Asset Management Company Limited	--	--	53,769	--	--	53,769	
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	--	--	--	21,192	--	21,192	
Birla Sun Life Insurance Company Limited	--	--	--	140,754	--	140,754	
	--	3,540,750	53,769	199,922	--	3,632,495	

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

						(Amount in Rs.)
Transaction/Nature of Relationship	Holding Company	Subsidiary Companies	Joint Ventures of Holding Company	Fellow Subsidiaries	Other Entities over which the Company having control	Grand Total
Contribution against expenses to be incurred towards joint development of office premises						
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	—	—	—	32,441,000	—	32,441,000
Birla Insurance Advisory & Broking Services Limited	—	—	—	(4,008,000)	—	(4,008,000)
Birla Sun Life Assest Management Company Limited	—	—	—	9,989,383	—	9,989,383
Birla Sun Life Distribution Company Limited	—	—	—	(1,772,000)	—	(1,772,000)
Birla Sun Life Insurance Company Limited	—	—	49,535,387	—	—	49,535,387
	—	—	(8,876,000)	—	—	(8,876,000)
Birla Sun Life Insurance Company Limited	—	—	—	14,850,395	—	14,850,395
	—	—	—	(2,680,000)	—	(2,680,000)
Birla Sun Life Insurance Company Limited	—	—	—	99,892,683	—	99,892,683
	—	—	—	(17,800,000)	—	(17,800,000)
Aditya Birla Capital Advisors Private Limited	—	19,626,176	—	—	—	19,626,176
	—	—	—	—	—	—
	—	19,626,176	49,535,387	157,173,461	—	226,335,024
	—	—	(8,876,000)	(26,260,000)	—	(35,136,000)
Allocation of payment made to vendors towards joint development of office premises:-						
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	—	—	—	30,459,769	—	30,459,769
Birla Insurance Advisory & Broking Services Limited	—	—	—	(1,292,084)	—	(1,292,084)
Birla Sun Life Assest Management Company Limited	—	—	—	10,102,936	—	10,102,936
	—	—	—	(571,250)	—	(571,250)
Birla Sun Life Insurance Company Limited	—	—	50,244,767	—	—	50,244,767
	—	—	(2,861,410)	—	—	(2,861,410)
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	—	—	—	15,307,646	—	15,307,646
	—	—	—	(863,968)	—	(863,968)
Birla Sun Life Insurance Company Limited	—	—	—	99,892,683	—	99,892,683
	—	—	—	(5,738,295)	—	(5,738,295)
Aditya Birla Capital Advisors Private Limited	—	19,626,176	—	—	—	19,626,176
	—	—	—	—	—	—
	—	19,626,176	50,244,767	155,763,034	—	60,188,881
	—	—	(2,861,410)	(8,465,977)	—	(11,327,007)
Outstanding balances as at 31.03.2010						
Investments (as detailed in Schedule 3 to Balance Sheet)						
Aditya Birla Money Limited	—	2,483,028,000	—	—	—	2,483,028,000
Aditya Birla Capital Advisors Private Limited	—	35,000,250	—	—	—	35,000,250
	—	(300,250)	—	—	—	(300,250)
Aditya Birla Shared Services Private Limited	—	500,000	—	—	—	500,000
Aditya Birla Customer Services Private Limited	—	100,250	—	—	—	100,250
	—	(60,150)	—	—	—	(60,150)
Aditya Birla Trustee Company Private Limited	—	500,250	—	—	—	500,250
	—	(100,250)	—	—	—	(100,250)
Birla Sun Life Assest Management Company Limited	—	—	143,099,052	—	—	143,099,052
Birla Sun Life Trustee Company Private Limited	—	—	99,700	—	—	99,700
Birla Insurance Advisory & Broking Services Limited	—	—	—	3,000,120	—	3,000,120
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	—	—	—	276,222,550	—	276,222,550
	—	2,519,128,750	—	279,222,670	—	2,519,128,750
	—	(460,650)	—	—	—	(460,650)
Amount Payable						
Aditya Birla Finance Limited (Formerly Birla Global Finance Limited)	—	—	—	2,007,632	—	2,007,632
	—	—	—	—	—	—
Amount Receivable						
Birla Insurance Advisory & Broking Services Limited	—	—	—	101,998	—	101,998
Birla Sun Life Assest Management Company Limited	—	—	763,149	—	—	763,149
Aditya Birla Money Mart Limited (Formerly Birla Sun Life Distribution Company Limited)	—	—	—	478,443	—	478,443
Birla Sun Life Insurance Company Limited	—	—	—	140,754	—	140,754
Aditya Birla Capital Advisors Private Limited	—	9,015	—	—	—	9,015
	—	—	—	—	—	—
Inter Corporate Deposit						
Aditya Birla Customer Services Private Limited	—	2,590,000	—	—	—	2,590,000
	—	—	—	—	—	—
	—	2,590,000	—	—	—	2,590,000
	—	—	—	—	—	—
Equity Capital						
Equity Shares held by holding company	1,100,000,000	—	—	—	—	1,100,000,000
	(20,000,000)	—	—	—	—	(20,000,000)
Equity Shares held by fellow subsidiaries	—	—	—	(500,000)	—	(500,000)

Notes: 1. Figures in brackets represent corresponding amount of previous period.

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

CRAR		
Items	Current Year	Previous Year
i) CRAR (%)	73.65%	
ii) CRAR - Tier I Capital (%)	73.65%	
iii) CRAR - Tier II Capital (%)	0	

Exposure to Real Estate Sector		
Category	Current Year	Previous Year
a) Direct Exposure		
i) Residential Mortgages <i>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented, (individual housing loan up to Rs. 15 lakhs may be shown separately)</i>	NIL	
ii) Commercial Real Estate <i>Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose, commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;</i>	NIL	
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a. Residential	NIL	
b. Commercial Real Estate	NIL	
b) Indirect Exposure <i>Funds based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)</i>	NIL	

Assets Liability Management
Maturity pattern of certain items of assets and liabilities

(Rs. in crores)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 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
Liabilities									
Borrowings from banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Market Borrowings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Assets									
Advances	150.68								150.68
Investments	23.74						329.38		353.12