Asset Reconstruction

Aditya Birla ARC Limited
(A subsidiary of Aditya Birla Capital Ltd.)

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

June 21, 2023

To,
The Deputy General Manager
Corporate Relationship Department
BSE Limited,
PJ Tower, Dalal Street,
Mumbai - 400 001

Scrip Code – 12777-974003

Dear Sir/Madam,

Subject: Notice of 6th Annual General Meeting ("AGM") and Annual Report of Aditya Birla ARC Limited ("the Company") for Financial Year (FY) 2022-23

In terms of Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the following documents of the Company for FY 2022-23, as circulated to the shareholders through electronic mode:

a) Notice of 6th AGM scheduled to be held on Tuesday, 18 July 2023 at 11.00 am IST at registered office, 18th floor, One World Centre, Tower 1, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400013; and

b) Annual Report for FY2022-23.

The above is for your information and record.

Thanking You

Yours Faithfully,
For Aditya Birla ARC Limited

HIRAL PRAVIN SIDHPURA
Digitally signed by HIRAL PRAVIN SIDHPURA
Date: 2023.06.21 12:44:25 +05'30'

Hiral Sidhpura
Company Secretary & Compliance Officer
Membership No: 32296

Place: Mumbai
CC: Vistra ITCL (India) Limited
The IL&FS Financial Centre Plot C-22,
G- Block, 6th Floor Bandra Kurla Complex,
Bandra (E), Mumbai - 400 052
Encl: As above

NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Aditya Birla ARC Limited will be held on Tuesday, 18 July 2023 at 11.00 am IST at One World Centre, 18th Floor, Tower 1, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400013 to transact the following businesses. If the conditions are not conducive to hold physical General Meeting, the Meeting will be held through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) facility, in accordance with relevant circulars/ notifications from Ministry of Corporate Affairs.

ORDINARY BUSINESS:

1. To consider and adopt:
   (a) the audited Standalone Financial Statement of the Company for the financial year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 together with the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Tushar Shah (DIN: 00239762), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Appointment of Ms. Vishakha Mulye (DIN: 00203578) as a Non- Executive Director**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to Section 161, 149 and other applicable provisions of the Companies Act, 2013 (including any modification or re-enactment thereof) and the rules made thereunder, provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (including any modification or re-enactment thereof), the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 (as amended from time to time) and any other applicable guidelines, rules, regulations, circulars and directions as may be issued by the Reserve Bank of India (RBI), Ms. Vishakha Mulye (DIN: 00203578) be and is hereby appointed as a Non-Executive Director on the Board of Directors of the Company.

   RESOLVED FURTHER THAT any Director, Chief Executive Officer, Chief Financial Officer, and Company Secretary of the Company be and are hereby, severally, authorised to:
   a. prepare, register, sign, file and / or upload, on behalf of the Company, necessary forms with the Registrar of Companies, Ministry of Corporate Affairs and any other regulatory, government or other authorities / entities;
   b. sign, execute or authenticate any letter of appointment, deed of covenant or any other agreement, deed, or document for or in connection with the aforesaid appointment; and

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RESOLVED FURTHER THAT any Director, Chief Executive Officer, Chief Financial Officer, or Company Secretary of the Company be and are hereby severally authorized to issue certified true copy of these resolutions, Registrar of Companies or any other authority or entity as may be required."

4. **Appointment of Mr. Ravi Venkatraman ((DIN: 00307328) as an Independent Director:**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 16 and other applicable provisions, if any of the Companies Act, 2013 ("**the Act**"), and the Rules made thereunder, read with Schedule IV of the Act, and pursuant to the recommendation of the Board of Directors ("**the Board**"), Mr. Ravi Venkatraman (holding Director Identification Number 00307328), who was appointed as an Additional Director of the Company with effect from March 24, 2023 pursuant to Section 161 of the Act and an approval / no-objection received from the Reserve Bank of India and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and being eligible, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from March 24, 2023, whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director, Chief Executive Officer, Chief Financial Officer, and Company Secretary of the Company be and are hereby, severally, authorised to:

a. prepare, register, sign, file and / or upload, on behalf of the Company, necessary forms with the Registrar of Companies, Ministry of Corporate Affairs and any other regulatory, government or other authorities / entities;
b. sign, execute or authenticate any letter of appointment, deed of covenant or any other agreement, deed, or document for or in connection with the aforesaid appointment; and

RESOLVED FURTHER THAT any Director, Chief Executive Officer, Chief Financial Officer, or Company Secretary of the Company be and are hereby severally authorized to issue certified true copy of these resolutions, Registrar of Companies or any other authority or entity as may be required."

5. **Renewal of resolution for issue of Non-Convertible Debentures (NCDs) on Private Placement basis**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest act, 2002 (including its enactment and re-enactment), the Depositories Act, 1996 read with the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (as amended from time to time), the provisions of the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 as amended from time to time, RBI Master Circular- Asset Reconstruction Companies, 2022 as amended from time to time, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and such other directions, guidelines and notifications as may be issued by the Reserve Bank of India, Securities and Exchange Board of India or any other regulatory, semi-regulatory or Government authority / body and pursuant to the provisions of Articles of Association and Memorandum of Association of the Company and subject to the necessary approval, consent, permission, exemption and / or sanction of the appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, exemption or sanction, the Board of Directors of the Company (hereinafter referred to as '**the Board**' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) be and is hereby authorised on behalf of the Company to issue, offer

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and allot Non-Convertible Debentures ("**the Debentures**") aggregating to Rs. 900 crore (Rupees Nine Hundred crore only) on a private placement basis, in one or more tranches, to mutual funds, banks, venture capital funds, alternative investment funds, state industrial development corporations, insurance companies, provident funds, pension funds, development financial institutions, foreign portfolio investors, foreign institutional investors, companies, private or public or other entities, authorities and to such other eligible persons, as the Board may in its absolute discretion decide and such debentures may or may not be listed on any Stock Exchange.

RESOLVED FURTHER THAT for the purpose of creating, offering, issuing and allotting the Debentures, the Board/ or the Committee be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or expedient in the interest of the Company and with power on behalf of the Company to determine the terms and conditions of the issue of the Debentures, settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

6. **Amendment to Articles of Association of the Company:**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of section 14 of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof) (the "Act") read with rule 33 of the Companies (Incorporation) Rules, 2014 and subject to such other approvals, permissions as may be required, the Articles of Association (AOA) of the Company be and are hereby altered in the manner as set out herein below:

"The existing clause no 58 of AOA of the Company be and is hereby renumbered as "58(i)" and thereafter the below mentioned clause to be added:

"58 (ii) Subject to Applicable Law, the Debenture Trustee shall have a right to appoint a nominee Director on the Board of Directors of the Company (hereinafter referred to as "the Nominee Director") in accordance with the provisions of the SEBI (Debenture Trustee) Regulations, 1993 and under the relevant rules issued under the 2013 Act in the event of default in payment of principal amount or interest thereon, in case of listed securities."

RESOLVED FURTHER THAT any Director, Chief Executive Director, Company Secretary, Chief Financial Officer, Head Legal or Mr. Pradeep Sharma authorized signatories be and is hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all deeds, applications, documents, forms and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

By the order of the Board of Directors
For Aditya Birla ARC Limited

ADITYA BIRLA ARC LIMITED MUMBAI

H. P. Sidhpura

Hiral Sidhpura
Company Secretary

Date: April 20, 2023
Place: Mumbai

Notes:

1. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the company. The instrument of proxy, to be effective, should be deposited at the Registered Office of the Company, duly completed, signed, and stamped not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   However, if the AGM will be held through VC / OAVM, physical attendance of Members will be dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

3. An explanatory statement pursuant to Section 102 of the Act relating to special business set out in the Notice and additional information pursuant to the Secretarial Standard on General Meetings, in respect of the Directors seeking appointment / re-appointment at the Meeting, are annexed.

4. All the records, registers and documents which are required to be made available for inspection at the meeting will be available for inspection by the Members at the AGM. In case the AGM will be held through VC / OAVM, the above records, registers and documents shall be made available for inspection in electronic mode. Further, all documents referred to in the accompanying notice and the explanatory statement shall be available for inspection in electronic form during normal business hours on all working days (Monday to Friday) up to the date of the meeting.

5. In case you have any queries regarding the AGM or grievance connected with the VC / OAVM facility, you may contact the undersigned at Abarcl@Adityabirlacapital.com or on +91 9769768321.

By the order of the Board of Directors
For Aditya Birla ARC Limited

ADITYA BIRLA ARC LIMITED MUMBAI

H. P. Sidhpura

Date: April 20, 2023
Place: Mumbai

Hiral Sidhpura
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Ms. Vishakha Mulye was appointed as Additional Director with effect from August 18, 2022 in accordance with the provisions of Section 161 of the Companies Act, 2013 (“the Act”) and pursuant to an approval received from the Reserve Bank of India. As per the provisions of Section 161(1) of the Act, Ms. Mulye holds office of Director up to the date of this AGM and being eligible, has offered herself for appointment as Non-Executive Director. The Nomination and Remuneration Committee has also recommended Ms. Mulye’s appointment as Non-Executive Director.

Ms. Mulye is Chartered Accountant by qualification and Chief Executive Officer of Aditya Birla Capital Limited. She’s a career banker and was the Executive Director of ICICI Bank. She’s having almost 3 decades of rich experience. The details about Ms. Mulye is attached as Annexure I.

The Board recommend the resolution as set out at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

Ms. Mulye is interested in the Ordinary Resolution set out at Item No. 3 with respect to her appointment.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Ordinary Resolution.

Item No. 4

Mr. Ravi Venkatraman was appointed as an Additional Director, with effect from March 24, 2023, in accordance with the provisions of Section 161 of the Companies Act, 2013 (“the Act”) and pursuant to an approval received from the Reserve Bank of India. As per the provisions of Section 161(1) of the Act, Mr. Venkatraman holds office of Director up to the date of this AGM and being eligible, has offered himself for appointment as an Independent Director. The Nomination and Remuneration Committee has also recommended Mr. Venkatraman’s appointment as an Independent Director.

Profile

Mr. Ravi Venkatraman is a qualified Chartered Accountant and Cost & Works Accountants. He has four decades of rich and varied experience as a senior finance professional, covering many facets of BFSI sector. Mr. Ravi Venkatraman was associated with Mahindra & Mahindra Group since 1985 and has held various positions in Mahindra & Mahindra (M&M) Group as Executive Director and Chief Financial Officer. He was a founder of Mahindra Financial Service in India and Mahindra Finance USA. He was a core member of Mahindra Rural Housing Finance Ltd, Mahindra Insurance Brokers Limited and Mahindra Manu Life Mutual Fund. Further, he was also Chairman of Mahindra Manu Life Mutual Fund. The details about Mr. Venkatraman is attached as Annexure I

Mr. Ravi Venkatraman was a Coach & Mentor for thirty futures leaders for Accelerated Corporate Entrepreneurship program with INSEAD (Paris & Singapore Campus). He has been accoladed with awards like “Best CFO Award” by the Asian Confederation of Businesses supported by Stars of the Industry Group in Association with Thought Leaders International, “100 Topmost Influential BFSI Leaders award given by World BFSI Congress and Awards and many more.

Mr. Ravi Venkatraman is a renowned Member of various Committees within the Industry like Finance Industry Development Council, Corporate Finance Committee of Federation of Indian Chambers of Commerce & Industry, Capital Markets Group of Banking, Finance & Economics Committee of the Bombay Chamber of Commerce and Industry, Confederation of Indian Industry (CII) National Committee for CFOs, Association of Finance Professionals of India (AFPI), etc.

Considering the rich experience and vast knowledge of Mr. Ravi Venkatraman, his presence on the Board will be valuable to the Company.

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The Board recommend the resolution as set out at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

Mr. Ravi Venkatraman is interested in the Ordinary Resolution set out at Item No. 4 with respect to his appointment.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Ordinary Resolution.

Item No. 5

As per the provisions of Section 42 of the Companies Act, 2013, a company offering or making an invitation to subscribe to NCDs on a private placement basis, is required to obtain the prior approval of the Members by way of a Special Resolution, which will remain valid for a period of one year for all the offers or invitations proposed to be made for such Debentures during the year.

The Members of the Company at its EGM held on June 7, 2022 approved the borrowings through issue/listing of NCDs for an amount not exceeding Rs 900 cr. The said resolution is valid for one year. The Company may issue NCDs in future to meet the business requirement and hence, it is proposed to approve renewal of said resolution and to authorise Finance Committee authorised by the Board to determine the terms and conditions of the issue as per the prevailing market conditions at the time of issuance.

The Board recommend the Resolution as set out at Item No. 5 of the accompanying Notice for approval by the Members of the Company as Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Special Resolution.

Item No. 6

Pursuant to SEBI Issue and Listing of Non-Convertible Securities amendment dated 7 Feb 2023, the existing issuer of debt securities is required to amend the Articles of Association (AOA) to include the clause that require its Board of Directors to appoint the person nominated by the debenture trustee(s) as Director, in case of default in payment of interest or repayment of principal amount in respect of listed debt securities. The said amendment is to be complied by 30 Sept 2023.

In view of above and as the Company has listed debt securities, “the existing clause no 58 of AOA of the Company be and is hereby renumbered as “58(i)” and thereafter the below mentioned clause to be added:

“58 (ii) Subject to Applicable Law, the Debenture Trustee shall have a right to appoint a nominee Director on the Board of Directors of the Company (hereinafter referred to as “the Nominee Director”) in accordance with the provisions of the SEBI (Debenture Trustee) Regulations, 1993 and under the relevant rules issued under the 2013 Act in the event of default in payment of principal amount or interest thereon, in case of listed securities”

In terms of section 14 of the Companies Act, 2013, any alterations to the AOA shall require approval of the shareholders by passing special resolution at the general meeting.

The Board recommend the resolution as set out at Item No. 6 of the accompanying Notice for approval by the Members of the Company as Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the proposed Special Resolution.

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Annexure I to the Notice

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
[Pursuant to the Secretarial Standard on General Meetings]

<table>
<tr><th>Nature of Information</th><th colspan="2">Item No. 2</th><th colspan="2">Item No. 3</th><th colspan="2">Item No. 4</th></tr>
<tr><td>Name</td><td colspan="2">Mr. Tushar Shah</td><td colspan="2">Ms. Vishakha Mulye</td><td colspan="2">Mr. Ravi Venkatraman</td></tr>
<tr><td>Age</td><td colspan="2">58 years</td><td colspan="2">54 Years</td><td colspan="2">64 Years</td></tr>
<tr><td>Director Identification Number</td><td colspan="2">00239762</td><td colspan="2">00203578</td><td colspan="2">00307328</td></tr>
<tr><td>Qualifications</td><td colspan="2">CA, LL.B.</td><td colspan="2">CA,</td><td colspan="2">CA & CWA</td></tr>
<tr><td>Terms and Conditions of Appointment / Re-appointment</td><td colspan="2">His office shall be liable to retire by rotation.</td><td colspan="2">Her office shall be liable to retire by rotation.</td><td colspan="2">His office shall not be liable to retire by rotation.</td></tr>
<tr><td>Experience</td><td colspan="2">Please refer to Annexure I-A</td><td colspan="2">Please refer to Annexure I-A</td><td colspan="2">Please refer to explanatory statement for item no. 4 of the Notice.</td></tr>
<tr><td>Remuneration sought to be paid and last drawn</td><td colspan="2">No approval is sought for remuneration.</td><td colspan="2">No approval is sought for remuneration.</td><td colspan="2">No approval is sought for remuneration.</td></tr>
<tr><td>Date of Appointment on the Board</td><td colspan="2">March 10, 2017</td><td colspan="2">August 18, 2022</td><td colspan="2">March 24, 2023</td></tr>
<tr><td>Shareholding in the Company</td><td colspan="2">10 Equity shares as nominee of Aditya Birla Capital Limited</td><td colspan="2">Nil</td><td colspan="2">Nil</td></tr>
<tr><td>Relationship with other Directors, Manager and Key Managerial Personnel of the Company</td><td colspan="2">None</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td rowspan="2">Details of attendance at the Board Meeting(s) during F.Y. 2022-23</td><td>Held during his tenure</td><td>Attended</td><td>Held during her tenure</td><td>Attended</td><td>Held during his tenure</td><td>Attended</td></tr>
<tr><td>5</td><td>5</td><td>2</td><td>2</td><td>0</td><td>0</td></tr>
<tr><td>Directorship in other companies, Membership / Chairmanship of Committees of other Boards.</td><td colspan="6">Please refer to Annexure I-B.</td></tr>
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Annexure I-A:

Experience / Profile of Mr. Tushar Shah

Tushar Shah is managing the Infrastructure Finance business of Aditya Birla Finance Limited since November 2011. The Infrastructure Finance business encompasses Project-linked lending, lending to large corporates, Debt Capital Markets, Debt Syndication and setting up an Infrastructure PE Fund.

As a Director in Aditya Birla Money Limited, he mentors the Equity and Debt Stock Broking business. He is also a director in Aditya Birla ARC Limited, which will house the Asset Reconstruction business.

Prior to ABFL, Tushar Shah was the Chief Operating Officer of IL&FS Financial Services Limited. His responsibilities there included Asset and Structured Finance, DCM business and managing the Structured Mezzanine Credit Facility. He was with the IL&FS group for 16 years and has worked in the areas of Capital Markets, Investment Banking and Corporate Banking.

Prior to IL&FS Financial Services Limited, Tushar Shah was a partner in a chartered accountancy firm M/s Shah & Co and used to look after audit and taxation. He is Chartered Accountant and holds an LLB degree.

Experience / Profile of Ms. Vishakha Mulye

- Ms. Vishakha Mulye, Chartered Accountant by qualification is a career banker and was the Executive Director of ICICI Bank in charge of domestic and international Wholesale Banking, Proprietary Trading, Markets and Transaction Banking.
- She joined ICICI group in 1993.She has held many significant roles and led several strategic initiatives. She led the team that planned and executed the merger of ICICI Limited and ICICI Bank in 2002, which transformed ICICI from a Public Financial Institution to the largest private sector Bank. She also led the team which negotiated and concluded the merger of erstwhile Sangli Bank with ICICI Bank and managed various other acquisitions including ITC Classic and Anagram Finance.
- She was one of the few handpicked to set up and run Stressed Asset Management Group at ICICI Bank, which gave her excellent exposure on evaluating and running businesses. She led several successful capital raising for ICICI Bank including the USD 5 Billion simultaneous public issue of equity shares in India, United States and Japan in 2007.
- In 2005, She took over as Group CFO of ICICI Bank. In 2007, she was elevated to the Board of ICICI Lombard General Insurance Company Limited and in 2009 she assumed leadership of ICICI Venture Funds Management Company as its MD & CEO. Under her leadership ICICI Venture was established as a multi strategy alternate asset manager with presence across private equity, real estate, special situation, and infrastructure.
- One of her significant initiatives at ICICI Venture was AION, a special situations fund set up in strategic partnership with Apollo Global, a leading US based alternative asset manager.
- In January 2016, she was appointed as Executive Director on the Board of ICICI Bank. She strengthened the Wholesale Banking franchise at ICICI bank by providing complete solution to corporate ecosystem, building a well-rated diversified loan portfolio, and enhancing non-lending revenues through deposit franchise, transaction banking, treasury, and other services.
- She led the digital transformation through various industry specific and customized solutions to its clients and their ecosystem by leveraging latest technologies.
- She was on the Board of ICICI Lombard General Insurance Company Limited and chaired the Board of ICICI Bank Canada.

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Annexure I-B

DETAILS OF DIRECTORSHIP IN OTHER COMPANIES AND MEMBERSHIP / CHAIRMANSHIP OF COMMITTEES OF OTHER BOARDS

MR. TUSHAR SHAH

Details of Directorship in other Companies:

Sr. No.	Name of the Company
1	Aditya Birla Money Limited
2	Aditya Birla Finance Limited[#]
3	Aditya Birla Money Mart Limited
4	Aditya Birla Stressed Asset AMC Private Limited

Details of Membership / Chairmanship of Committees across the Companies:

Sr. No.	Name of the Company	Name of the Committee	Status (Chairman/ Member)
1.	Aditya Birla ARC Limited	Asset Acquisition and Resolution Committee	Member
		Finance Committee	Member
2.	Aditya Birla Stressed Asset AMC Private Limited	Investment Committee	Chairperson
3.	Aditya Birla Money Limited	Stakeholders Relationship Committee	Member
		Preference Share Allotment Committee	Member
		Risk Governance Committee	Member
		Finance Committee	Member
		Business Integration Committee	Member
		Investment Committee	Member
4	Aditya Birla Finance Limited	NPA Purchase/Sale Committee Asset Liability Management Committee	Member

Ms. Vishakha Mulye

Details of Directorship in other Companies:

Sr. No.	Name of the Company
1.	Aditya Birla Capital Limited
2.	Aditya Birla Sun Life Insurance Company Limited (Debt Listed)
3.	Aditya Birla Housing Finance Limited[#] (High Value Debt Listed)
4.	Aditya Birla Finance Limited[#] (High Value Debt Listed)
5.	Aditya Birla Sun Life AMC Limited
6.	Aditya Birla Health Insurance Co. Limited
7.	NPCI International Payments Limited
8.	Aditya Birla Management Corporation Private Limited
9.	Aditya Birla Capital Foundation
10.	Tuksai Agri Partners – Partner

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Details of Membership / Chairmanship of Committees across the Companies:

Sr. No.	Name of the Company	Name of the Committee	Member/ Chairperson
1	Aditya Birla Sun Life Insurance Company Limited	Audit Committee	Member
		Risk Management Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility	Member
2	Aditya Birla Health Insurance Co Limited	Policyholder's Protection Committee	Chairperson
		Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Member
3	Aditya Birla Housing Finance Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Member
4	Aditya Birla Capital Limited	Asset Liability Management Committee	Chairperson
		IT Strategy Committee	Member
		PIT Regulations Committee	Member
		Risk Management Committee	Member
5	Aditya Birla Finance Limited	Audit Committee	Member
		Nomination & Remuneration Committee	Member
		Risk Management Committee	Member
		Finance Committee	Member
		NPA Purchase/Sale Committee	Member
		Corporate Social Responsibility Committee	Member
		Stakeholders Relationship Committee	Member
6	Aditya Birla Sun Life AMC Limited	Audit Committee	Member
		Risk Management Committee	Member
		Nomination, Remuneration and Compensation Committee	Member
		Product Committee	Member
		Corporate Social Responsibility Committee	Member

MR. RAVI VENKATRAMAN

Details of Directorship in other Companies:

Sr. No.	Name of the Company
1	Avanse Financial Services Ltd
2	Kotak Mahindra Prime Ltd
3	ESAF Small Finance Bank Limited
4	Bajaj Finserv Mutual Fund Trustee Limited
5	Kotak General Insurance Ltd
6	Sarvagram Solutions Pvt Ltd
7	Sarvagram Fincare Pvt Ltd

Details of Membership / Chairmanship of Committees across the Companies:

Sr. No.	Name of the Company	Name of Committee	Chairman / Member
1	Avanse Financial Services Ltd	Audit Committee Risk Committee CSR Committee	Chairman Member Member

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2	Kotak Mahindra Prime Ltd	Audit Committee Risk Committee CSR Committee NRC Committee	Chairman Member Member Member
3	ESAF Small Finance Bank Limited	Risk Committee Audit Committee High Value Fraud Committee IPO Committee	Chairman Member Member Member

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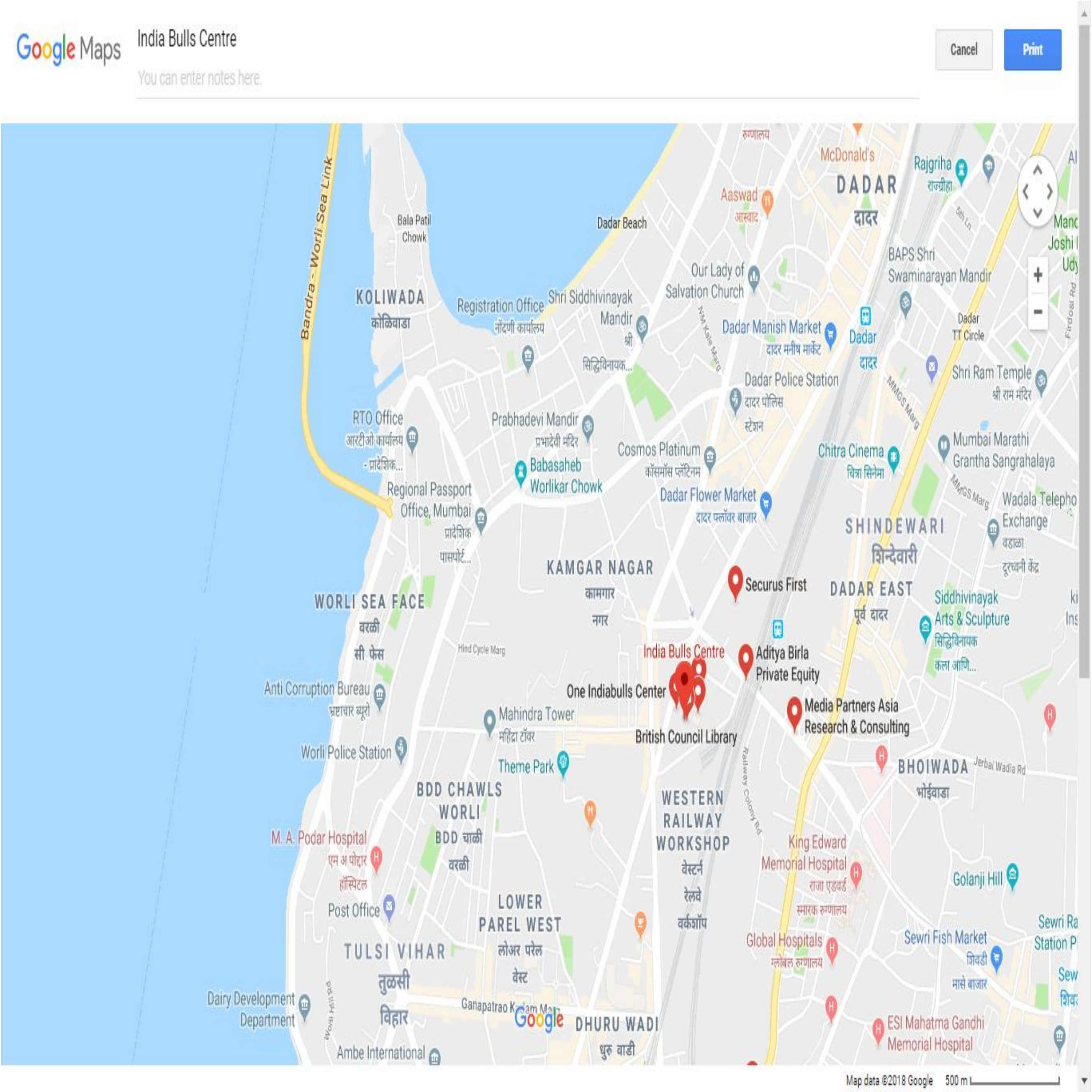
ROUTE MAP

6th AGM of Aditya Birla ARC Limited

Date of Meeting : July 18, 2023

Place of Meeting : One World Centre, 18th Floor, Tower 1, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400013



ATTENDANCE SLIP

ADITYA BIRLA ARC LIMITED
CIN: U65999MH2017PLC292331
Regd. Office: 18th Floor, One World Centre, Jupiter Mills Compound, 841, S. B. Marg, Mumbai - 400013
Phone No. +91 22 43567000 Fax No. +91 22 28290835 Email ID: Aabarcl@adityabirlacapital.com

---

Name of the Member(s) :
Registered Address :

Folio No/ Client ID :
No. of Shares held :

I/We hereby record my/our presence at the 6th Annual General Meeting of Aditya Birla ARC Limited held at One World Centre, 18th Floor, Tower 1, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400013 on July 18, 2023 at 11.00 A.M. IST.

____
Member's / Proxy's Signature

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN **:** U65999MH2017PLC292331
Name of the Company **:** Aditya Birla ARC Limited
Registered Office **:** 18th Floor, One World Centre, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400 013

Name of the Member(s) :
Registered address :
E-mail Id :
Folio No./Client Id & DP. Id :

I/We, being the Member(s) of ___________________shares of the above-named Company, hereby appoint

1. Name : ________________________________
   Address : ________________________________
   ____
   E-mail : ________________________________
   Signature : ____________________ , or failing him

2. Name : ________________________________
   Address : ________________________________
   ____
   E-mail : ________________________________
   Signature : ____________________ , or failing him

3. Name : ________________________________
   Address : ________________________________
   ____
   E-mail : ________________________________
   Signature : ____________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 5th Annual General Meeting of the Company, to be held on Thursday, July 18, 2023 at 11.00 P.M. IST at One World Centre, 18th Floor, Tower 1, Jupiter Mills Compound, 841, S. B. Marg, Mumbai – 400013 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

1. Adoption of audited standalone financial statements of the Company, together with the reports of Board of Directors and Auditors thereon, and audited consolidated financial statements of the Company, together with the report of the Auditors thereon, both for the year ended March 31, 2023.
2. Re-appointment of Mr. Tushar Shah as a Director.

Special Business:

3. Appointment of Ms. Vishakha Mulye as Non-Executive Director.
4. Appointment of Mr. Ravi Venkatraman as an Independent Director.
5. Renewal of resolution for issuance of Non-Convertible Debentures u/s 42 of the Companies Act, 2013 and
6. Alteration in Articles of Association.

Signed this ________ day of ______________________

Affix
Re.1
Rev
Stamp

Signature of Shareholder: ____________________________

Note: This form of proxy to be effective should be duly completed and deposited at the Registered Office of the Company or at the venue of the meeting, not less than 48 hours before the commencement of the meeting.

Asset Reconstruction

Aditya Birla ARC Limited

(A subsidiary of Aditya Birla Capital Ltd.)

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

ADITYA BIRLA ARC LIMITED

ANNUAL REPORT
FY 2022-23

Aditya Birla ARC Limited

One Indiabulls Centre, Tower 1, 7th Floor, Jupiter Mill Compound,
841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.
+91 22 4356 7000 | (F) +91 22 4356 7266
abarcl@adityabirlacapital.com

Registered Office:

One Indiabulls Centre, Tower 1, 18th Floor,
Jupiter Mill Compound, 841, Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013.
CIN: U65999MH2017PLC292331

Corporate Information

BOARD OF DIRECTORS

Mr. Ajay Srinivasan*
Non-Executive Director

Ms. Vishakha Mulye**
Additional Non- Executive Director

Mr. Tushar Shah
Non-Executive Director

Mrs. Pinky Mehta
Non-Executive Director

Mr. Sethurathnam Ravi
Independent Director

Mr. Sharadkumar Bhatia
Independent Director

Mr. Ravi Venkatraman***
Additional Independent Director

COMMITTEES OF THE BOARD

AUDIT

Mr. Sethurathnam Ravi (Chairman)

Mr. Ajay Srinivasan*

Mr. Sharadkumar Bhatia

Mrs. Pinky Mehta#

NOMINATION AND REMUNERATION

Mr. Sharadkumar Bhatia (Chairman)

Mr. Tushar Shah

Mr. Sethurathnam Ravi

ASSET ACQUISITION AND RESOLUTION

Mr. Ajay Srinivasan* (Chairman)

Mr. Tushar Shah

Mr. Sharadkumar Bhatia

*Resigned with effect from July 25, 2022
** Appointed with effect from August 18, 2022
*** Appointed with effect from March 24, 2023
# Appointed with effect from July 28, 2022

KEY MANAGERIAL PERSONNEL

Mr. Sanjay Jain
Chief Executive Officer

Mr. Sandeep Somani
Chief Financial Officer

Ms. Hiral Sidhpura
Company Secretary

STATUTORY AUDITORS

M/s CNK & Associates LLP
Chartered Accountants

SECRETARIAL AUDITORS

M/s Dilip Bharadiya & Associates
Company Secretaries

INTERNAL AUDITORS

M/s Aneja Associates
Chartered Accountants

DEBENTURE TRUSTEE

Vistra (ITCL) India Limited
Registered Address:
The IL&FS Financial Centre, plot no C 22, G Block, 7th Floor, Bandra Kurla Complex, Bandra East Mumbai – 400 051
Tel No.: +91 22 2659 3535
Fax No.: +91 22 2653 3297
Email: mumbai@vistra.com
Website: www.vistraitcl.com

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Limited
Unit: Aditya Birla Capital Ltd.
Selenium Building, Tower B,
Plot No. 31-32, Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032
Tel: 040-67162222, 33211000
Fax: 040-23431551
Toll Free no: 1800-572-4001
E-mail Id: einward.ris@kfintech.com

REGISTERED OFFICE

One World Center, Tower 1, 18th Floor, Jupiter Mill Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013
T: +91 22 4356 7000
F: +91 22 4356 7266
CIN: U65999MH2017PLC292331
E: abarcl@adityabirlacapital.com
W: https://assetreconstruction.adityabirlacapital.com

CORPORATE OFFICE

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Tower-1, 7th Floor,
Jupiter Mill Compound,
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Elphinstone Road,
Mumbai - 400 013
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F: +91 22 4356 7266

Board's Report

Dear Members,

The Board of Directors of Aditya Birla ARC Limited (**"your Company"** or **"the Company"** or **"ABARC"**) is pleased to present the **Sixth** Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2023 (**"financial year under review"**).

FINANCIAL SUMMARY AND HIGHLIGHTS

Your Company's financial performance for the financial year ended March 31, 2023 as compared to the previous financial year ended March 31, 2022 is summarised below:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	82.02	72.05	82.51	71.71
Other Income	3.79	2.40	3.79	2.41
Total Income	**85.82**	**74.45**	**86.30**	**74.12**
Total Expenses	50.97	45.65	51.08	45.79
Profit / (Loss) before tax	34.84	28.80	35.22	28.32
Tax / Deferred Tax	8.76	7.13	8.76	7.13
Profit / (Loss) after tax	**26.08**	**21.67**	**26.46**	**21.20**
Earnings per share (In ₹)				
Basic	2.61	2.17	2.65	2.12
Diluted	2.54	2.12	2.58	2.08

The above figures are extracted from the Standalone and Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (**"the Act"**) read with the Companies (Accounts) Rules, 2014, other relevant provisions of the Act and the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003, as amended from time to time, and other applicable guidelines, directions and notifications issued by the Reserve Bank of India (**"RBI Guidelines"**).

In accordance with the Act and applicable Accounting Standards, the audited Consolidated Financial Statements for the financial year 2022-23, which include the Financial Statements of three of the Trusts which are formed and managed by your Company, together with the Auditors' Report forms part of this Annual Report.

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Highlights of the Company's performance for the financial year ended March 31, 2023 are as under:

- Consolidated Revenue: ₹ 82.51 crore (increased 15.06% year on year)
- Consolidated Net Profit: ₹ 26.46 crore (increased 24.81% year on year)

ACCOUNTING METHOD

The Consolidated and Standalone financial statements of the Company have been prepared in accordance with the Accounting Standards notified under Sections 129 and 133 of the Act, read with the Companies (Accounts) Rules 2014, the Companies (Indian Accounting Standards) Rules, 2015, as amended, from time to time ("Ind AS").

KEY HIGHLIGHTS

The key performance highlights of the Company during the financial year have been provided in detail in the Management Discussion and Analysis section, which forms part of this Report.

MATERIAL EVENTS DURING THE YEAR HOLDING / SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANY

Holding Company

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company of your Company and Aditya Birla Capital Limited (ABCL) continues to be the Holding Company of your Company. Grasim Industries Limited and ABCL both are listed on BSE Limited and National Stock Exchange of India Limited.

SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

Your Company does not have any subsidiary, joint venture, or associate company.

TRANSFER TO RESERVES

Your Company has not transferred any amount to reserves during the financial year under review.

DIVIDEND

Your Directors do not recommend any dividend for the financial year under review.

CREDIT RATINGS

The credit ratings assigned to the various facilities of the Company as on March 31, 2023 is detailed below:

Sr. No	Name of Credit Rating Agency	Facilities	Date of rating	Amount Rated	Rating
1.	CARE	Principal Protected Market Linked Debenture	03-06-2022	1,00,00,00,000	CARE PP-MLD AA
2.	CARE	Non-Convertible Debentures	23-03-2023	1,00,00,00,000	CARE AA
3.	CARE	Commercial Paper	23-03-2023	1,00,00,00,000	CARE A1+
4.	CARE	Bank Loans	23-03-2023	1,00,00,00,000	CARE AA

SHARE CAPITAL

Your Company's Authorized Share Capital is ₹ 150 Crore as on March 31, 2023. The Issued, Subscribed and Paid-up Capital stood at ₹ 127 Crore as on March 31, 2023 consisting of 10,00,00,000 Equity shares of ₹ 10/- each aggregating to ₹ 100 Crore and 27,00,000, 0.001% Compulsorily Convertible Preference Shares (CCPS) of ₹ 100/- each aggregating to ₹ 27 Crore. During the financial year under review, the authorised share capital of the Company was increased from ₹ 130 Crore to ₹ 150 Crore.

During the financial year under review:

- The Company increased its authorized share capital from ₹ 130 crore to ₹ 150 crore by creating additional 20,00,000 (Twenty Lacs) CCPS of ₹ 100 each. Accordingly, the authorized equity share capital is ₹ 102 crore and CCPS is ₹ 48 crore;
- The Company issued and allotted 600,000 CCPS at par for cash to Aditya Birla Capital Limited on right basis. The aforesaid CCPS were allotted on 24 June 2022. At the end of 10 years, the CCPS shall be compulsorily converted into such number of equity shares of ₹ 10/- each at the higher of:

  (a) Fair Market Value determined as on the date of the conversion; or

  (b) ₹ 10/- per equity share (being the Face Value of the equity shares)

DEBENTURES

During the financial year under review, your Company issued and allotted the following Non-Convertible Debentures ("NCDs"):

Brief Particulars	Issue 1
Name of Debentures	Rated, Listed, Secured Principal Protected, Market-Linked Redeemable Non-Convertible Debentures
Date of Issue	20th June, 2022
Date of Allotment	20th June, 2022
Type of Issue	Private placement
Number of NCDs, issue price and amount raised	500 listed NCDs of ₹ 10,00,000/- each aggregating to ₹ 50,00,00,00/-
Number of NCDs Redeemed during the year	None
Number of Listed NCDs as at 31st March, 2023	500
Maturity date	20 December 2023
Listed on	BSE Ltd

Subsequent to listing of above debentures by the Company, your Company is considered as Debt Listed entity in terms of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Brief Particulars	Issue 2
Name of Debentures	Unlisted, unrated and redeemable Non-Convertible Debentures
Date of Issue	12th August, 2022
Date of Allotment	12th August, 2022
Type of Issue	Unlisted Private placement
Number of NCDs, issue price and amount raised	9,561, Unlisted, Unrated, Redeemable, Non-Convertible Debentures of ₹ 1,00,000/- each aggregating to ₹ 95,61,00,000/-
Number of NCDs Redeemed during the year	None
Number of NCDs as at 31st March, 2023	9,561
Maturity date	11 August 2030
Coupon rate	11.5%

DEBENTURE TRUSTEE

Vistra (ITCL) India Limited, having its registered office at The IL&FS Financial Centre, plot no C 22, G Block, 7th Floor, Bandra Kurla Complex, Bandra East Mumbai – 400 051 is the Debenture Trustee for the Listed Non-Convertible Debentures in terms of SEBI (Debenture Trustees) Regulation, 1993.

DEPOSITORY

As on March 31, 2023, out of the Company's total Equity paid-up share capital comprising of 10,00,00,000 Equity shares, 9,99,99,940 Equity shares were held in dematerialized mode. Further, all the Company's paid-up Preference share capital and Listed and Unlisted Non-Convertible Debentures were held in dematerialized mode.

RESOURCE MOBILISATION

During the financial year under review, the Company mobilised funds aggregating to ₹ 372.61 crore by way of term loan, working capital demand loan, non-convertible debentures and Inter-corporate Deposits. The total outstanding borrowing is ₹ 368.19 crore as on March 31, 2023.

PUBLIC DEPOSITS

Your 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 rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with section 135 of the Companies Act, 2013, the provisions related to Corporate Social Responsibility is not applicable to the Company.

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

Your Company has not granted any loans, guarantees and / or made investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Your Company being a securitization and asset reconstruction company, is not involved in any industrial or manufacturing activities.

Your Company's activities involve very low energy consumption and therefore has no particulars to report pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

There were no foreign exchange earnings or outgoings during the financial year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of your Company from end of the financial year under review 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 your Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year under review is presented as a separate section, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company is committed to maintaining the highest standards of Corporate Governance and Corporate Governance principles form an integral part of the core values of the Company. The Directors reaffirm their commitment to the corporate governance standards as applicable to the Company. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the financial year under review.

RISK MANAGEMENT

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

Your Company has adopted a comprehensive Risk Management policy to identify, assess, manage, monitor and mitigate the risk associated with your Company's business.

The objective of the Risk Management policy is to:

a. Put in place a risk management framework to ensure that various risks are understood, assessed and monitored; and

b. Outline a mechanism to identify and mitigate above risks to the extent possible and thereby improving our ability to perform competitively in a fast-evolving landscape to achieve the organisational objectives.

THE STRUCTURE TO MANAGE THE RISK CONSISTS OF "THREE LINES OF DEFENCE":

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 of Operating Functions;

Third is: Independent Assurance through Internal Audit, conducted by independent Internal Auditors, whose work is reviewed by the Audit Committee and presented before the Board.

BUSINESS CONTINUITY

Your holding company, ABCL, has well-documented Business Continuity Management Programmes that includes its subsidiaries which have been designed to ensure continuity of critical processes during any disruption. A robust Disaster Recovery framework has been put in place to ensure uninterrupted operations and service to customers/investors.

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. 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.

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 forms part of this Annual Report. The Related Party Disclosures pursuant to Regulation 53(f) read with Schedule V of SEBI LODR is attached herewith as **Annexure A**.

All related party transactions have been approved by the Audit Committee of your Company and are reviewed on a quarterly basis in accordance with the Related Party Transaction Policy of the Company.

INTERNAL FINANCIAL CONTROLS

The Board confirms that your Company has laid down a set of standards, processes and structure which enables implementation of internal financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation arose concerning inadequacy of such controls.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring as well as testing of the internal financial control systems by the internal auditors during the course of their audit. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inadequacy of such controls.

INTERNAL AUDIT AND AUDITORS

Your 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 purpose, authority and responsibility of the internal audit function are formally defined in the internal audit charter, which is periodically reviewed, and any key amendments are presented to the Board for approval.

The internal audit plan is developed based on the risk profile of business activities of the organization. The audit plan covers process audits of the organization. The audits are carried out by an independent external firm name M/s Aneja Associates. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan. 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.

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 March 31, 2023, the applicable accounting standards had 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 March 31, 2023 and of the profit 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'; and

v) 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 / Resignation of Directors

As on March 31, 2023, the Board of your Company comprised of Six Directors which included Three Non-Executive Directors and Three Independent Directors. All Directors are liable to retire by rotation except Independent Directors.

During the financial year under review Mr. Ajay Srinivasan resigned as the Non- Executive Director with effect from July 28, 2022. Further, Ms. Vishakha Mulye has been appointed as an additional Non-Executive Director and Mr. Ravi Venkatraman has been appointed as Additional Independent Director with effect from August 18, 2022 and March 24, 2023 respectively being the date of receipt of RBI's approval.

Retirement by Rotation

Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every Annual General Meeting, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Mr. Tushar Shah (DIN: 00239762), Non-Executive Director, retires from the Board by rotation this year and being eligible, offers himself for re-appointment at the 6th AGM.

A detailed profile of Mr. Shah is provided in the Notice of the 6th AGM.

Declaration by Independent Director(s)

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act 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 are persons of integrity and possess relevant expertise, proficiency and experience.

The Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 effective from December 1, 2019 require the Independent Directors for inclusion of their names with the Independent Directors Databank maintained by Indian Institute of Corporate Affairs. In compliance with Rule 1 and Rule 2 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Independent Directors have submitted a declaration that they have inducted their names in the Independent Director's Databank.

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. Sanjay Jain, Chief Executive Officer, Mr. Sandeep Somani, Chief Financial Officer and Ms. Hiral Sidhpura, Company Secretary, are the Key Managerial Personnel of your Company.

During the financial year under review, there was no change in the key managerial personnel.

Annual Performance Evaluation

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

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, individual Directors and CEO. The evaluation is based on criteria which include, amongst others, providing strategic perspective, attendance, 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 etc. The Directors completed questionnaires providing feedback on functioning of the Board and Committees.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, an annual performance evaluation of the Board, individual Directors and CEO was carried out.

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 Committee's terms of reference, as mandated by law, 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 and CEO.

MEETINGS OF THE BOARD AND ITS COMMITTEE(S)

Board

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the year under review, the Board met five times and its meetings were held on April 21, 2022, June 06, 2022, July 13, 2022, October 19, 2022 and January 18, 2023.

Committee(S)

Your Board has constituted various Committees with specific terms of reference as per the requirements of the Act and other applicable laws. The Board 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 role and responsibilities. The Chairman of the respective Committees report to the Board on the deliberations and decisions taken by the Committees and conduct themselves under the supervision of the Board. The minutes of the Meetings of all Committees are placed before the Board for its perusal on a regular basis.

Audit Committee

The Board has constituted an Audit Committee in February 2021, which acts as a link between the Management, the Statutory and Internal Auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act.

The Audit Committee of the Board comprises of three Directors out of which two are Independent Directors. Pursuant to the resignation of Mr. Ajay Srinivasan as Director w.e.f July 28, 2022, the Committee has been re-constituted by appointing Mrs. Pinky Mehta as a Member of Audit Committee. As on March 31, 2023, the composition of Audit Committee consists of Mr. S Ravi, Chairman & Independent Director, Mr. Sharad Bhatia, Independent Director and Mrs. Pinky Mehta, Non-Executive Director.

During the financial year under review, the Audit Committee met four times and its meetings were held on April 21, 2022, July 13, 2022, October 19, 2022 and January 18, 2023.

Nomination and Remuneration Committee

The Board has constituted a Nomination and Remuneration Committee in February 2021. The Composition of the committee is in line with the provisions of Section 178 of the Act.

The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors, to 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 to the Board their appointment and removal, if and when required and to recommend to the Board a policy, relating to the remuneration for the directors and key managerial personnel and other employees. The said policy is attached as **Annexure B** and also placed on the webpage of the Company at https://assetreconstruction.adityabirlacapital.com/Policies-of-ABARC

The Nomination and Remuneration Committee comprises of three Directors out of which two are Independent Directors. As on March 31, 2023, the composition of Nomination and Remuneration Committee consists of Mr. Sharad Bhatia, Chairman & Independent Director, Mr. S Ravi, Independent Director and Mr. Tushar Shah, Non-Executive Director.

During the financial year under review, the Nomination and Remuneration Committee met once on April 21, 2022.

Asset Acquisition and Resolution Committee ("AARC")

AARC has been constituted to assess, review, evaluate and approve any acquisition and / or resolution of any financial assets pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, RBI guidelines and policies and procedures of the Company.

During the financial year under review, AARC met twice and its meetings were held on May 19, 2022 and December 21, 2022.

Finance Committee ("FC")

The Finance Committee has been constituted to issue any securities of the Company and to borrow monies, pursuant to the approval received from the Board and Members of the Company.

During the financial year under review, the Finance Committee met thrice on June 13, 2022, August 12, 2022 and March 28, 2023.

Separate Meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Act, and Clause 2.3 of the Secretarial Standard on the Meetings of Board of Directors, a Meeting of the Independent Directors of your Company was held on March 16, 2023 without the presence of the Non-Independent Directors and the Members of the Management. The Meeting was attended by all the Independent Directors.

Separate meeting of Credit rating agency

In terms of SEBI Circular for all the Credit Rating Agency, Credit Rating Agency (CRA) is required to meet the audit committee of the rated entity, at least once in a year, to discuss issues including related party transactions, internal financial control and other material disclosures made by the management, which have a bearing on rating of the listed NCDs. In this regard, the CARE Rating agency had a meeting with the Audit Committee of your Company on January 30, 2023.

Mode of Conducting Meetings

Video-conferencing facility is provided to enable the directors present at other locations to be able to participate in the meetings. The same is conducted in due compliance with the applicable laws.

With a view to save paper and support sustainability all the documents relating to a meeting, including agenda and explanatory notes are circulated to the directors / committee members in electronic form.

ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(4) of the Act the Annual Return in Form MGT-7 for financial year 2022-2023 is uploaded on the Company's webpage https://assetreconstruction.adityabirlacapital.com/investors-information/financial-reports

AUDITORS

Statutory Auditors, their Report and Notes to Financial Statements

M/s CNK & Associates LLP (Firm Membership no.: 101961 W/W-100036) Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company for a period of 2 (Two) years from the conclusion of 5th AGM held on July 13, 2022.

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. Under Section 143(12) of the Act, the Statutory Auditors have not reported to the Board any incidents of fraud during the financial year under review.

Secretarial Auditor

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, your Company had appointed M/s. Dilip Bharadiya & Associates, Practicing 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. Dilip Bharadiya & Associates, Practicing Company Secretaries, is attached as **Annexure C** to the Board's Report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

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.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company has not declared any dividend during the previous financial years and accordingly, the provision of Section 125 (2) of the Act regarding transfer of unclaimed dividend is not applicable.

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 the Company has formulated a Whistle Blower Policy / vigil mechanism for Directors and Employees to report concerns.

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. We further state that during the financial year under review, there were no complaints Received / cases filed / cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES

Your Company 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.

Your Company's total workforce stood at 13 employees as on March 31, 2023 similar as on March 31, 2022.

TALENT MANAGEMENT

Building a strong future ready talent pool and robust leadership succession pipeline continue to be priority areas for us in Talent Management. We have immense focus on creating well rounded leaders who are passionate about value creation for investors and execution excellence.

EMPLOYEE WELLNESS AND ENGAGEMENT

Our endeavor to provide a happy, vibrant and engaging work environment continued this year. We welcomed employees back to work and significant attention was given to help them restart and settle comfortably through support mechanisms and flexibility.

Revitalizing a culture of connect and camaraderie has been yet another area of significant attention for us. Bringing people together through events, townhalls, leadership connect sessions and celebration of milestones enabled this.

At Aditya Birla Capital (ABC) including its subsidiaries collectively known as ABC Group, employee's health and wellbeing is considered to be a non-negotiable proposition. We believe that focusing on employee health and wellbeing results in a happier workforce which further creates a positive impact on investor satisfaction and retention. Employee well-being is a strategic imperative. Therefore, as a responsible employer, we proactively design and implement various wellness solutions across various business units and workforce group year on year.

The framework focuses on Integrated and Holistic Wellbeing covering not just the Physical Wellbeing of employees but also Emotional or Mental Wellbeing, Financial Wellbeing, Intellectual Wellbeing and Social Wellbeing. Close to 5000 employees within ABC Group are active on its wellness app and benefit from the holistic digital wellness support. They have also empaneled with doctors and counsellors to provide preliminary medical consultations at the corporate offices and on-call consultations for its employees and their families in emergency cases. Enabling the employees to regularly check their health and wellness levels they have organized multiple health camps covering Bone density check-ups, Body composition analysis, Yoga sessions at work, Nutritional counselling, Breast Health check-ups and awareness drives and many more. Last year alone close to 10,000 employees within ABC Group participated in the wellbeing programs. Lastly, Preventive annual health check-ups are the way of monitoring and ensuring a physically fit workforce. They have partnered with close to 300 diagnostic centers across the country that enable a seamless experience for the employees across ABC Group.

LEARNING

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

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) Regulations 2015, as amended from time to time, your 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. The same is displayed on the webpage https://assetreconstruction.adityabirlacapital.com/Policies-of-ABARC

OTHER DISCLOSURES

In terms of the applicable provisions of the Act, 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.

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. save and except as disclosed in this Report.

iv. There was no Issue of shares with differential rights.

v. There was no transfer of share of the Company.

vi. There were no orders 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 proceeding(s) for Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

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

ACKNOWLEDGEMENTS

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

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

The Board also acknowledges the contribution of Company's bankers, shareholders, the Registrars and Depositories who have always supported and helped the Company to achieve its objectives.

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

	Tushar Shah	**Pinky Mehta**
Date: 20th April, 2023	Director	Director
Place: Mumbai	[DIN: 00239762]	[DIN: 00020429]

Management Discussion & Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The world economy saw sharp recovery on ebbing of Covid-19 disruptions and return to normalcy. However, the Russia-Ukraine war derailed the recovery due to surge in inflation on account of supply chain disruptions and high energy prices. Despite the hostile international environment and inflationary concerns, Indian economy has remained resilient.

One of the beneficiaries of the strong resilience shown by Indian economy is the Indian banking sector. Strong GDP growth post Covid-19 has led to double digit credit growth for banks which together with timely capital raise has helped banking sector to strengthen their capital and liquidity position. Further, stronger corporate balance sheets have kept the asset quality under check. As per RBI, GNPAs of banks continued to decline and stood at 5% as of Sep'22. Further, higher profitability has helped banks to increase its provisioning ratio which in turn has led to NNPAs touching decadal low of 1.3%. As per CRISIL, GNPAs are expected to continue its decline to ~4% by Mar'24.

In Oct'22, based on the recommendations made by the Sudarshan Sen Committee, RBI made several changes in ARCs regulatory framework. Key changes are as below:

a) Increase in minimum net owned funds (**"NOF"**) from ₹ 100 Cr to ₹ 300 Cr. Existing ARCs to achieve NOF of ₹ 200 Cr by FY24 and ₹ 300 Cr by FY26

b) Reduction in minimum investment of ARCs from 15% to 2.5% for 100% cash deals

c) Management fees to be collected only from recoveries from underlying assets

d) ARCs with NOF of ₹ 1,000 Cr allowed to participate in IBC as a resolution applicant

e) Independent Advisory Committee to be formed with professionals from diverse background for one-time settlement cases

It is widely expected that the above changes in the regulatory framework will strengthen the ARC industry. Further, increase in the net owned funds to ₹ 300 crores is expected in consolidation across industry and also act as an entry barrier for new ARCs.

In order to create a robust secondary market for loans, RBI had, in Sep'21, issued Master Directions for securitization of loan exposures. As on date, there is no such mechanism for securitization of NPAs apart from the ARC route under SARFAESI Act. Based on market feedback and in order to extend the securitization mechanism to NPAs, RBI in Jan'23 issued discussion paper on Securitization of Stressed Assets Framework (**"SSAF"**). The discussion paper provides for securitization of NPAs through Special Purpose Entity (**"SPE"**) route and invited suggestions from market participants. Putting in place a new securitization framework for stressed assets is expected to deepen the market and improve capital flows which would be a big positive for your Company.

We witnessed increased level of activities in the ARC industry during the year. The Banks/ NBFCs showcased assets worth over ~₹ 2.00 lac Cr, comprising ~₹ 1.33 lac Cr of corporate cases and ₹ 0.67 lac Cr of retail cases for sale to ARCs. The ARC industry acquired assets of ~₹ 1.78 lac Cr for a total acquisition price of ~₹ 37,000 Cr. The acquisition during the year represent a growth of 59% over the previous year. The increased activity in the industry was also helped by 1) Yes Bank selling almost its entire NPA portfolio with dues of ~₹ 48,000 Cr to JC Flowers ARC under 15:85 cash cum SR structure and 2) Commencement of operations by NARCL.

OPPORTUNITIES AND THREATS FOR THE COMPANY

While GNPAs have been declining in % terms, the absolute number remains high at ~₹ 7 lakh Cr. Further, banks have separate pool of technically written off accounts worth ~₹ 4 lakh Cr. Additionally, banks now carry high PCR on their assets mainly due to aging of the NPAs which enables banks to be realistic in their expectations and facilitates sale of assets to ARCs. Further, delay in resolution of assets through CIRP process is prompting banks to look for alternative resolution of assets which includes sale of assets to ARCs.

The Company started its operations in second half of the financial year 2019. The Company follows a differentiated business model with a view to provide complete solutions to its customers. Towards this, we work very closely with our customers, be it strategic investors or existing sponsor, for improvement in operating and financial performance of the assisted unit. We have a strategic tie up with Varde Partners, a US based special situation fund with over 25 years of expertise in stressed asset fund management. This tie up brings expertise and large pool of funds to us for investment in stressed assets.

The Company has been focusing on acquisition of large corporate assets with visibility of operational and financial turnaround. Towards this, the Company maintains strong relationships with banks and financial consultants and keeps exploring various business opportunities for acquisition of financial assets and resolutions of the same in a transparent manner to all stakeholders meeting all regulatory requirements. We believe that the Company continues to be well positioned to grab the available opportunities in the market.

FINANCIAL AND OPERATING PERFORMANCE

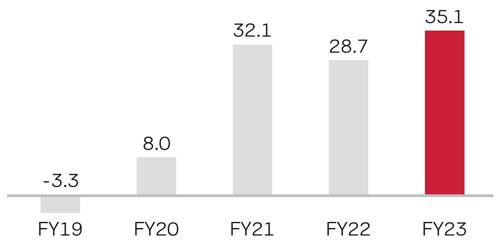
During the year, the Company acquired two asset with total outstanding of ₹ 8,761 Cr for an acquisition price of ₹ 2,122 Cr. The Company has acquired total debt of over ₹ 23,150 Cr from the banks for acquisition price of ₹ 6,433 Cr across 11 trusts since inception till date. The outstanding AUM based on NAV at the year end is ₹ 4,571 Cr. The performance of all the borrowers whose debt has been acquired by the Company has been satisfactory. The value of all the Security Receipts (SR's) of the trust are rated R1 or R1+ from the external rating agencies. The rating indicates the recovery of more than 100% from the borrower. During the year under review, the Company has recovered ₹ 586 Cr from the borrowers. The AUM based on NAV has increased from ₹ ~3300cr to ₹ ~4600cr from FY22 to FY23.

The Company has delivered good financial performance from very first year of its operations. The revenue from operations of the Company comprises of two components i.e., i) Trust Management fees and ii) Investment Income on its share of investment in stressed assets. The revenue of the Company for the year was ₹ 86 cr and has shown annual growth rate of 15% from FY22.

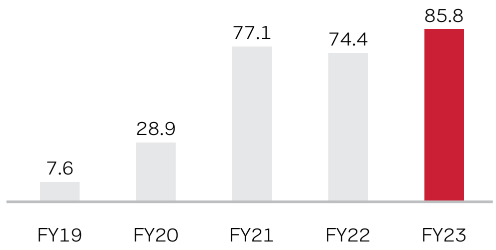
The expenses of the Company are mainly towards i) Employee cost; ii) Operating expenses and iii) Interest cost. Our total expenses for the year were ₹ 51 Cr increased by 10% from FY22.

During the year under review, pursuant to the growth in operating income, profit before tax have shown a growth of 22% from FY22. The key parameters of financial and operating performance are mentioned below:

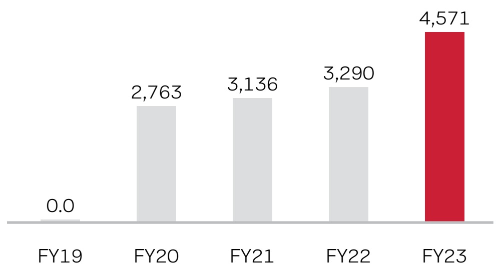
PBT



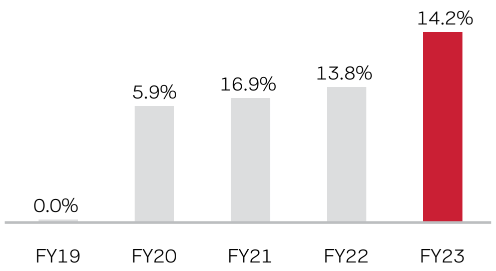
Revenue



AUM based on NAV



RoE



The Company remains focused to keep perusing deals which meets expectations of all the stakeholders.

Outlook for FY2024

The absolute GNPA in the system remains high at ~₹ 7 lakh Cr. Further, banks have separate pool of technically written off accounts worth ~₹ 4 lakh Cr. Additionally, banks now carry high PCR on their assets mainly due to aging of the NPAs which enables banks to be realistic in their expectations and facilitates sale of assets to ARCs. Further, delay in resolution of assets through CIRP process is prompting banks to look for alternative resolution of assets which includes sale of assets to ARCs. With improved economic environment, the prospects of resolution are relatively better which enables expeditious resolution of assets by ARCs. We believe the overall outlook for industry remains very good for players like us.

*Source: RBI website, CRISIL Credit Rating agency, ARC association website

Annexure A

Disclosure in respect of Related Party pursuant to Indian Accounting Standard (Ind AS) 24: (as identified by Management and relied upon by Auditor)

A. LIST OF RELATED PARTIES:

A Holding Company

Aditya Birla Capital Limited (ABCL) (Formerly known as Aditya Birla Financial Services Limited)

B Directors and Key Management Personnel

Ajay Srinivasan- Director (upto July 25, 2022)

Tushar Shah- Director

Pinky Mehta - Director

Vishakha Mulye - Director (wef August 18, 2022)

Sharadkumar Bhatia - Independent Director

Sanjay Jain - Chief Executive Officer

Sandeep Somani - Chief Financial Officer

Sethurathnam Ravi - Independent Director

C Fellow Subsidiary

Aditya Birla Finance Limited

Aditya Birla Money Limited

Aditya Birla Sunlife Insurance Company Limited

Aditya Birla Stressed Asset AMC Private Limited

Aditya Birla Financial Shared Services Limited

Aditya Birla Wellness Private Limited

Aditya Birla Insurance Brokers Limited

Grasim Industries Limited -Employee Gratuity Trust Fund

D Associate of Holding Company

Aditya Birla Sun Life AMC Limited

B. TRANSACTIONS AND BALANCES WITH RELATED PARTIES FOR THE YEAR ENDED 31ST MARCH, 2023 AND 31ST MARCH, 2022

₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
A	**Holding Company**		
1	**Transactions during the year ***		
	Aditya Birla Capital Limited (Issue of Compulsorily Convertible Preference Shares)	600.00	500.00
	Aditya Birla Capital Limited (ICD taken)	10,200.00	7,250.00
	Aditya Birla Capital Limited (ICD redeemed)	14,700.00	2,750.00
	Aditya Birla Capital Limited (ICD interest)	206.29	296.09
2	**Balance Outstanding**		
	Aditya Birla Capital Limited (Equity Shares)	10,000.00	10,000.00
	Aditya Birla Capital Limited (CCPS)	1,600.00	1,000.00
	Aditya Birla Capital Limited (ICD)	-	4,500.00
	Aditya Birla Capital Limited (Other - Payables)	3.67	2.36

₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
B	**Directors and Key Management Personnel**		
1	**Transactions during the year ***		
	Sanjay Jain (Remuneration)^	137.67	190.42
	Sandeep Somani (Remuneration)^	46.28	54.95
	Sharadkumar Bhatia (Sitting Fees)	6.80	7.85
	Sethurathnam Ravi (Sitting Fees)	6.10	6.45
C	**Fellow Subsidiaries**		
1	**Transactions during the year***		
i	**Expenses Reimbursement**		
	Aditya Birla Finance Limited (Employee offsite cost)	10.02	-
	Aditya Birla Finance Limited (Software License Expense)	-	0.21
	Aditya Birla Stressed Asset AMC Private Limited (Payroll Expense)	201.67	87.76
	Aditya Birla Money Limited (Insurance expense against employee transfer)	-	0.02
ii	**Expense Recovery**		
	Aditya Birla Stressed Asset AMC Private Limited (Insurance expense)	1.13	1.23
	Aditya Birla Stressed Asset AMC Private Limited (Professional expense)	0.05	0.06
	Aditya Birla Finance Limited (Employee LTIP expense)	39.48	-
	Aditya Birla Money Limited (Payroll expense)	0.99	-
iii	**Expenses**		
	Aditya Birla Financial Shared Services Ltd (Professional Expense)	-	0.59
	Aditya Birla Insurance Brokers Limited (Professional Expense)	0.85	-
	Aditya Birla Money Limited (Custodian fees)	2.26	1.01
	Aditya Birla Wellness Private Limited (Staff Welfare Expense)**	0.11	0.00
	Aditya Birla Sun Life Insurance Company Limited (Insurance expense)	0.96	2.00
iv	**Others**		
	Aditya Birla Finance Limited (Purchase of Asset)	0.65	-
	Aditya Birla Money Limited (Addition in liability against employee transfer)	-	13.65
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	31.89	2.46
v	**Advance for Expenses**		
	Aditya Birla Sun Life Insurance Company Limited (Insurance premium deposit)	0.60	0.48
2	**Balance Outstanding**		
i	**Receivable**		
	Aditya Birla Money Limited	-	13.63
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	63.81	24.40
ii	**Payable**		
	Aditya Birla Insurance Brokers Limited	0.93	-
	Aditya Birla Stressed Asset AMC Private Limited	4.75	5.37
D	**Associate of Holding Company**		
1	**Transactions during the year***		
i	**Expenses**		
	Aditya Birla Sun Life AMC Ltd (ICD interest)	81.08	-
ii	**Others**		
	Aditya Birla Sun Life AMC Ltd (ICD taken)	2,500.00	-
	Aditya Birla Sun Life AMC Ltd (ICD redeemed)	2,500.00	-

* All amounts are exclusive of GST

** Figures rounded off to the nearest thousand

^ Variable Pay & Retirement Benefits are not included

Note: The Company has obtained a letter of comfort from Aditya Birla Capital Limited for ₹ 15,000 lakhs against the funds borrowed from the bank and the Market Linked debentures issued during the year.

Annexure B

Executive Remuneration Philosophy/Policy

Aditya Birla ARC 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 ARC 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, promotion, incentive programs, long terms incentives, ESOP, retirement benefit programs – with the long-term success of our stakeholders. This is in line with and is guided by our Rewards Philosophy.

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. Emphasize "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 (Example: Deputy Managing Director), Chief Financial Officer and Company Secretary.

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, geographies and size in India.

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 recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. 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.

VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, thetarget 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. 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.

VII. 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 Remuneration Committee in adopting, interpreting and implementing Remuneration Philosophy/ Policy.

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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 ARC LIMITED
18Th Floor, One World Centre,
Jupiter Mills Compound,
841 S. B. Marg, Mumbai 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla ARC 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.

With the advent of virtual workplace on account of pandemic COVID-19, the process of audit has been modified. Some of the documents /records /returns / registers /minutes were not verified physically, however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. Our report also covers the due adherence of the miscellaneous circulars/ notifications/guidelines as issued by the regulatory bodies from time to time. Further we have verified 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, 2023, 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure - A**, for the period under review, according to the applicable provisions of:

    (i) The Companies Act, 2013 ("the Act") and the rules made thereunder and the Companies Act, 1956 (to the extent applicable);

    (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; to the extent applicable;

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

    (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, to the extent applicable;

    (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable :-

        (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

    Some Laws specifically applicable to the Company:

    i. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and Guidelines, Notifications & Circulars as may be applicable.

    ii. Guidelines, Notifications and Circulars as driven by the Reserve Bank of India to such Asset Reconstruction Companies (ARCs).

    iii. The Indian Trust Act, 1980

We have relied on the representations made by the Company and its officers and report of the Internal Auditor for systems and mechanism formed by the Company for compliances under other applicable Laws. The list of other laws applicable to the Company is given in **Annexure - B**.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the financial year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Company is a subsidiary of Aditya Birla Capital Limited. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Director. The changes in the composition of the Board of Directors, Key Managerial Personnel 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 resolutions/decisions including Circular Resolutions of the Board of Directors are approved by the requisite majority and are duly recorded in the respective minutes. Majority decision is carried through, while the dissenting views of the Directors/ Members, if any, are captured and recorded as part of the minutes. 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 Company had received correspondences/ observations/recommendations from RBI during the period were noted by the Company and suitable responses/comments to such observations/recommendation had been submitted to RBI and the management has taken corrective and progressive action to bring the compliances within the rationale as informed by the RBI and Regulations.

We further report that during the year under review:

i. The shareholders in the Extra Ordinary General Meeting held on 7th June 2022 approved the increase in the authorized Share capital of the Company from ₹ 130 Crores to ₹ 150 Crores.

ii. The shareholders in the Extra Ordinary General Meeting held on 7th June 2022 approved the increase in the limits of the borrowing powers of the Company to ₹ 900 Crores.

iii. The shareholders in the Extra Ordinary General Meeting held on 7th June 2022 approved the issue and allotment of ₹ 900 Crores Non-Convertible Debentures on Private Placement Basis

iv. The shareholders in the Extra Ordinary General Meeting held on 7th June 2022 approved the issue and allotment of 18,00,000 (Eighteen Lakh) 0.01% Compulsorily Convertible Preference Shares of ₹ 100/- (Rupees One Hundred only) each ("CCPS"), aggregating upto ₹ 18,00,00,000/- (Rupees Eighteen Crore only) for cash at par on a rights basis.

v. The Board of Directors in its meeting held on 6th June 2022 issued 6,00,000 (Six Lakhs) 0.01% Compulsorily Convertible Preference Shares of ₹ 100/- (Rupees One Hundred only) each ("CCPS"), aggregating upto ₹ 6,00,00,000/- (Rupees Six Crores Only) to its Holding Company – Aditya Birla Capital Limited.

vi. The Finance Committee vide resolution passed by way of circulation dated 20th June 2022 issued and allotted 500 (Five Hundred only) rated, listed, senior, secured, redeemable, non-convertible, principal protected - market linked Tranche 1 debentures ("Tranche 1 Debentures") having face value of ₹ 10,00,000/- (Rupees Ten Lakh only) aggregating to ₹ 50,00,00,000/- (Rupees Fifty Crore Only) to Trust Capital Services India Private Limited.

vii. The Finance Committee vide its meeting held on 12th August 2022 issued 9561 unlisted, unrated, redeemable, non-convertible debentures each having a face value of INR 100,000/- (Indian Rupees One Lakh only), aggregating up to an amount of INR 95,61,00,000/- (Rupees Ninety Five Crores Sixty One Lakhs only), on a private placement basis ("Debentures") on the terms and conditions set out in the Debenture Trust Deed to Credit Solutions India Trust.

This report is to be read with our letter of even date, which is annexed as **Annexure - C** to this report.

For DILIP BHARADIYA & ASSOCIATES

DILIP BHARADIYA
Partner
FCS No.: 7956, C P No.: 6740

Place : Mumbai
Date :
UDIN :

Annexure - A

LIST OF DOCUMENTS VERIFIED (PHYSICALLY/ELECTRONICALLY):

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the Financial Year ended March 31, 2022.
3. Minutes and Attendance Registers of the meetings of the Board of Directors held during the period under review.
4. Minutes of General Body Meetings held during the period under review.
5. Statutory Registers viz.
   - Register of Members;
   - Register of Debenture holders and other security holders;
   - Register of Directors and Key Managerial Personnel and their Shareholding;
   - Register of loans, guarantee, security and acquisition made by the Company;
   - Register of Charge;
6. Agenda papers submitted to all the Directors / Members for the Board and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Sections 184(1), 164(2), 149(3) and 149(7) of the Act.
8. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act, alongwith the attachments thereof, during the period under review.

Annexure - B

LIST OF APPLICABLE LAWS / RULES / REGULATIONS TO THE COMPANY

1. The Securitisation and Reconstruction of Financial Assets And Enforcement of Security Interest Act, 2002 (SARFAESI Act)
2. The Security Interest Enforcement Rules, 2002
3. The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016
4. The Recovery of Debts due to Banks and Financial Institutions Act, 1993
5. Insolvency and Bankruptcy Code 2016
6. The Credit Information Companies (Regulation) Act, 2005.
7. SEBI (LODR)

Annexure - C

To,
The Members,
ADITYA BIRLA ARC LIMITED
18th Floor, One World Centre,
Jupiter Mills Compound,
841 S. B. Marg,
Mumbai 400 013

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 followed by us 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) Wherever 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 future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA
Partner
FCS No.: 7956, C P No.: 6740

Place : Mumbai
Date :

Independent Auditor's Report

To the members of **Aditya Birla ARC Limited**

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Aditya Birla ARC Limited ("the Company"), which comprise the Standalone Balance sheet as at 31st March, 2023, the Standalone Statement of Profit and Loss including the statement of Other Comprehensive Income, the Standalone Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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, as amended ("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 accounting principles generally accepted in India, of the state of affairs of the Company (financial position) as at 31st March, 2023, its profit including other comprehensive income (financial performance), 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 (Sas), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities 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 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 we have obtained 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 Matters	How the matter was addressed in our audit
1.	Fair Valuation of financial instruments – Security Receipts (SRs) Company has invested in SRs issued by various trust incorporated by the Company for acquisition of distressed credit Business. Depending on the arrangement such Investments are in the range of 100% - 15% of the total SRs issued by the various trust. The said SRs are subsequently measured at Fair Value through Profit and Loss (FVTPL) as per the business model of the Company and considered as level 3 in the valuation hierarchy. Total investment in SRs outstanding as on 31st March, 2023 is ₹49,908.15 Lakhs. Company determines the fair value of SRs based on the Net Assets Value (NAV) report provided by the trust. The NAV of the said investment can only be estimated by the trusts using a combination of the recovery range provided by the external rating agency, estimated cash flows, collateral values, discount rate used and various other assumptions. Considering the complexities involved and various assumptions and significant judgements made by the trust in deriving Net Assets Value of such SRs, we have considered the valuation of these investments as a key audit matter. Refer Note No. 10 of standalone financial Statements.	Audit procedures followed: - We have tested the design and effectiveness of internal controls implemented by the management in respect of valuation of the investments including those relating to assessment of recovery plan by Asset Acquisition Committee for determination of appropriate recovery rate based on the range provided by the External Rating Agency. - Assessment of the valuation inputs; i. Analysed reasonableness of the estimated cash flows and recovery rate, the other relevant judgments and estimates, if any; and ii. Assessed the information used to determine the key assumptions; iii. Compared the historical estimates of the cash flows with the actual recoveries and obtained explanations for the variations, if any; iv. Compared the management's assumption of discount rate with the supporting internal/ external evidence; v. Valuation report of collateral values

Information other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone and consolidated 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 such other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the 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.

Responsibilities of Management and those Charged with Governance 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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, which have been used for the purpose of preparation of the standalone financial statements by the Board of Directors of the Company, as aforesaid.

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 Responsibilities 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 based on 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 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 with reference to standalone financial statements 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 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, 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.

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 the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Standalone Cash Flow Statement 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) Based on the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.

(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 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.

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (1) and (2) contain any material misstatement.

d) The Company has not declared or paid any dividend during the year.

v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

3. The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March, 2023, since none of the directors of the Company have drawn any managerial remuneration.

For **C N K & Associates LLP**
Chartered Accountants
Firm Registration No: 101961W/W – 100036

Hiren Shah
Partner
Membership No. 100052

Place: Mumbai
Date: 20th April, 2023
UDIN: 23100052BGVTTD1853

Annexure 1 to Independent Auditor's Report

[Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory requirements' in the Independent Auditor's Report of even date to the members of Aditya Birla ARC Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2023]

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that;

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The Company has maintained proper records showing full particulars of intangible assets;

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification;

(c) The Company does not hold any immovable properties and hence reporting under clause 3(i)(c) of the Order is not applicable;

(d) The Company has not revalued any Property, Plant and Equipment including Right of Use Assets or intangible assets during the year;.

(e) As disclosed in note 58 no proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii. (a) The Company is a service company primarily in the business of securitization and asset reconstruction and hence does not have any inventory. Accordingly reporting under clause 3(ii)(a) of the Order is not applicable;

(b) During the year Company has taken a working capital facility in excess of ₹ 500 Lakhs, in aggregate, from Bank on the basis of security of current assets (i.e. Security Receipts, considering based on the nature of business); based on our verification of quarterly statements (Pledge / Hypothecation) filed by the Company with such bank are in agreement with the books of account of the Company.

iii. During the year the Company has made investment in and given unsecured advances in the nature of loan to other parties as per the Regulations applicable to Asset Reconstruction Companies issued by Reserve Bank of India ("RBI") and the terms of the trust deeds respectively. The Company has not provided any guarantee or security or granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnership

(a) Details of advances in the nature of loans given during the year to other parties are as under:

Amount (₹ In lakhs)

Particulars	Advances in nature of loans
(A) Aggregate amount granted during the year:	
- Subsidiary, Joint Ventures and Associates	
- Others (Trusts)	563.28
(B) Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiary, Joint Ventures and Associates	
- Others (Trusts)	820.54

(b) Investment made in other parties and the terms and conditions of advances in nature of loans to other parties are not prejudicial to the Company's interest.

(c) The advances in nature of loans given to other parties are interest free and no schedule of repayment of principal has been stipulated since the same are dependent on recoveries/realisation of Financial Assets held by such other parties.

(d) Since no repayment of principal is stipulated as mentioned in clause 3(iii)(c) above, requirements under clause 3(iii)(d) and 3(iii)(e) of the Order is not applicable to the Company.

(e) Following are the details of advances in nature of loan granted to other parties for which period of repayment has not been stipulated:

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans/ advances in nature of loans	563.38	-	5.33
Agreement does not specify terms or period of repayment	563.38	-	5.33
Percentage of loans/ advances in nature of loans to the total loans	100%	-	0.95%

iv. There are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits to which directives issued by the RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made thereunder apply. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

vii. The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. As informed, the provisions of employees' state insurance, sales-tax, duty of custom, duty of excise and value added taxes are not applicable to the Company.

a. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, provident fund, income-tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the provisions of employees' state insurance, sales-tax, duty of custom, duty of excise and value added taxes are not applicable to the Company.

b. According to the information and explanations given to us, there are no dues referred to in 3(vii)(a) above which have not been deposited on account of any dispute.

viii. As disclosed in note 60, there are no unrecorded transactions which have been surrendered or disclosed as income during the year in the tax assessment under Income Tax Act, 1961 (43 of 1961).

ix. (a) During the year, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) As disclosed in note 59, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, we report that funds raised on short term basis have prima facie not been used for long term purposes.

(e) On an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any Associate or Joint Ventures.

(f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) During the year, the Company has raised money by way of initial public offer of debt instruments and the same has been utilised for the purposes for which they were raised.

(b) The Company has made private placement of preference shares for which the requirements of section 42 and 62 of the Act have been complied with and the funds raised have been used for the purpose for which it was raised. The Company has not made any preferential allotment or private placement of fully or partly or optionally convertible debentures during the year.

xi. (a) We report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) No report under sub section (12) of section 143 of the Act has been filed in the form ADT – 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with central government during the year

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year

xii. The Company is not a Nidhi company. Therefore, t reporting under clause 3(xii) (a) to (c) of the Order is not applicable to the Company

xiii. In our opinion, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the company issued till date, for the period under audit.

xv. During the year, the Company has not entered any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

(b) Reserve Bank of India has granted Certificate of Registration to carry on the business of securitisation or assets reconstruction under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(c) The Company is not a Core Investment Company("CIC") and accordingly requirements of clause xiv(c) of the Order is not applicable.

(d) There are three CICs as a part of the Group.

xvii. Based on the overall examination of financial statement, the Company has not incurred cash losses during the year but it has incurred cash losses of ₹ 647.23 Lakhs in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under clause xviii of the Order is not applicable to the Company.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due."

xx. As mentioned in note 57, provisions of section 135 of the Act are not applicable to the company in current financial year and accordingly clause 3(xx)(a) and (b) of the Order is not applicable.

For **C N K & Associates LLP**
Chartered Accountants
Firm Registration No: 101961W/W – 100036

Hiren Shah
Partner
Membership No. 100052

Place: Mumbai
Date: 20th April, 2023
UDIN: 23100052BGVTTD1853

Annexure 2

To the Independent Auditor's Report of even date on Standalone Financial Statements of Aditya Birla ARC Limited

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE I OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Aditya Birla ARC Limited ("the Company") as of 31st March, 2023 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 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 the 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 internal financial controls over financial reporting with reference to these standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

A Company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31st March, 2023, 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 issued by the Institute of Chartered Accountants of India.

For **C N K & Associates LLP**
Chartered Accountants
Firm Registration No: 101961W/W – 100036

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Hiren Shah
Partner
Membership No. 100052

Place: Mumbai
Date: 20th April, 2023
UDIN: 23100052BGVTTD1853

Standalone Balance Sheet

as at 31st March, 2023

₹ in Lakhs

	Note	As at 31st March, 2023	As at 31st March, 2022
I ASSETS			
(1) Financial Assets			
(a) Cash and Cash Equivalents	6	**513.77**	245.34
(b) Bank Balance other than (a) above	7	**7,214.61**	5,726.36
(c) Receivables			
(I) Trade Receivables	8	**339.51**	210.62
(d) Loans	9	**817.27**	263.94
(e) Investments			
- Other Investments	10	**50,545.87**	37,931.34
(f) Other Financial Assets	11	**49.26**	101.30
Sub-Total		**59,480.29**	**44,478.90**
(2) Non-Financial Assets			
(a) Non-Current Tax Assets (Net)		**255.26**	1,655.46
(b) Property, Plant and Equipment	12	**48.72**	46.21
(c) Other Intangible assets	13	**28.46**	-
(d) Right to use of assets	39	**160.51**	240.78
(e) Other non-Financial assets	14	**97.11**	64.80
Sub-Total		**590.06**	**2,007.25**
Total assets		**60,070.35**	**46,486.15**
II LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(I) Trade Payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**26.65**	56.79
(b) Debt Securities	16	**26,825.15**	22,045.54
(c) Borrowings (Other than Debt Securities)	17	**9,988.83**	4,500.00
(d) Subordinated Liabilities	18	**2,700.00**	2,100.00
(e) Lease Liability	39	**186.21**	264.31
(f) Other Financial Liabilities	19	**413.26**	612.53
Sub- Total		**40,140.10**	**29,579.17**
(2) Non Financial Liabilities			
(a) Provisions	20	**60.22**	81.19
(b) Deferred tax liabilities (net)	38	**1,117.09**	1,127.54
(c) Other Non Financial Liabilities	21	**1,352.15**	924.40
Sub-Total		**2,529.46**	**2,133.13**
(3) Equity			
(a) Equity Share capital	22	**10,000.00**	10,000.00
(b) Other Equity	23	**7,400.79**	4,773.85
Total equity		**17,400.79**	**14,773.85**
Total Liabilities and Equity		**60,070.35**	**46,486.15**
Significant Accounting Policies	5		

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Standalone Statement of Profit and Loss

for the year ended 31st March, 2023

₹ in Lakhs

	Note	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Revenue from operations			
(a) Fee Income	24	3,352.84	2,761.44
(b) Recovery Incentive	25	324.58	-
(c) Net Gain on Fair Value Changes	26	4,525.05	4,443.34
Total Revenue from Operations		**8,202.47**	**7,204.78**
Other Income	27	379.41	239.50
Total Income		**8,581.88**	**7,444.28**
EXPENSES			
(a) Finance Costs	28	4,014.48	3,337.83
(b) Impairment on Financial Instruments	29	(0.64)	2.94
(c) Employee benefits expense	30	818.90	1,001.85
(d) Depreciation, amortization and impairment	31	98.94	92.17
(e) Other expenses	32	165.79	129.96
Total Expenses		**5,097.47**	**4,564.75**
Profit Before Tax		**3,484.41**	**2,879.53**
Tax Expenses			
Current Tax		892.69	546.04
Excess Provision for Tax Related to Earlier Years (Net)		-	(10.08)
Deferred Tax		(16.68)	176.63
Total Tax Expenses		**876.01**	**712.59**
Profit after tax		**2,608.40**	**2,166.94**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset (net)		24.77	(10.77)
Income tax relating to items that will not be reclassified to profit and loss		6.23	(2.71)
Other Comprehensive Income for the year		**18.54**	**(8.06)**
Total Comprehensive Income for the year		**2,626.94**	**2,158.88**
Earnings per share :			
Basic- (₹)	33	2.61	2.17
Diluted - (₹)		2.54	2.12
(Face Value of ₹ 10 each)			
Significant Accounting Policies	6		

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
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Mumbai, 20th April, 2023

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Company Secretary

Mumbai, 20th April, 2023

Statement of Changes in Equity

for the year ended 31st March, 2023

(A) EQUITY SHARE CAPITAL

₹ in Lakhs

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of face value of ₹ 10/- each issued on subscribed and fully paid up				
Balance at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
Changes in Equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
Changes in Equity share capital during the year	-	-	-	-
Balance at the end of the year	**100,000,000**	**10,000.00**	**100,000,000**	**10,000.00**

(B) OTHER EQUITY

₹ in Lakhs

Particulars	Reserve and Surplus	Total Other Equity
Balance as at 1st April, 2021	2,614.97	2,614.97
Changes in accounting policies or prior period errors	-	-
Restated balance as at 1st April, 2021	**2,614.97**	**2,614.97**
Profit for the year	2,166.94	2,166.94
Other Comprehensive loss for the year	(8.06)	(8.06)
Total Comprehensive income	2,158.88	2,158.88
Balance as at 31st March, 2022	**4,773.85**	**4,773.85**
Equity attributable to Shareholders of Company	**4,773.85**	**4,773.85**
Balance as at 1st April, 2022	4,773.85	4,773.85
Changes in accounting policies or prior period errors	-	-
Restated balance as at 1st April, 2022	**4,773.85**	**4,773.85**
Profit for the year	2,608.40	2,608.40
Other Comprehensive income for the year	18.54	18.54
Total Comprehensive income	2,626.94	2,626.94
Balance as at 31st March, 2023	**7,400.79**	**7,400.79**
Equity attributable to Shareholders of Company	**7,400.79**	**7,400.79**

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
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DIN-00239762

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DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Standalone statement of Cash Flows

for the year ended 31st March, 2023

₹ in Lakhs

Note	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
A	**Cash Flow From Operating Activities**		
	Profit before tax	3,484.41	2,879.53
	Adjustments for :		
	Impairment on Financial Assets	(0.64)	2.94
	Net gain on Fair value changes on Investment in security receipts	(4,525.05)	(4,443.34)
	Net gain on Fair value changes on Investment in mutual fund units	(2.75)	-
	Interest Income	(288.58)	(233.97)
	Notional interest on Security Deposits	(2.75)	(2.57)
	Profit on sale of Property, Plant and Equipment	(1.14)	-
	Finance Cost	3,998.80	3,317.03
	Notional Interest on Lease	15.68	20.80
	Depreciation and Amortisation	98.94	92.17
	Operating Profit Before Working Capital Changes	2,776.92	1,632.59
	Adjustments for:		
	Decrease/(Increase) in Loans	0.67	(0.99)
	Decrease in Other Financial Assets	54.79	32.64
	Increase in Trade Receivables	(128.89)	(164.92)
	Decrease in Right to use of assets	0.10	0.11
	Increase in Other Non-Financial Assets	(32.31)	(3.56)
	Decrease in Trade Payables	(30.14)	(4.38)
	Increase in Provisions	3.80	34.12
	Decrease in Lease Liability	(0.12)	(0.10)
	(Decrease)/Increase in Other Financial Liabilities	(199.27)	281.97
	Increase/(Decrease) in Other Non Financial Liabilities	427.75	(89.76)
	Cash From Operations	96.38	85.13
	Income Taxes Paid	507.51	(1,569.80)
	Net Cash Flow From Operating Activities	**3,380.81**	**147.92**
B	**Cash Flow from Investing Activities**		
	Addition to Property, Plant and Equipment	(22.28)	(37.16)
	Proceeds from sale of Property, Plant and Equipment	5.68	-
	Addition of Other Intangible assets	(32.00)	
	Investment in Security Receipts	(32,830.02)	(11,286.00)
	Redemption of Security Receipts	25,378.26	20,833.52
	Interest Received	204.32	52.49
	Purchase of Mutual fund units	(634.97)	-
	Bank Deposits placed during the period	(21,096.00)	(11,694.00)
	Bank Deposits matured during the period	19,692.00	9,264.00
	Net Cash Flow (Used In) / From Investing Activities	**(9,335.01)**	**7,132.85**

Standalone statement of Cash Flows

for the year ended 31st March, 2023

₹ in Lakhs

Note	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
C	**Cash Flow From Financing Activities**		
	Loans & Advances to Trust	(25,493.38)	(241.65)
	Loans & Advances recovered from Trust	24,940.02	145.67
	Lease Liability - Principal Portion	(77.98)	(68.40)
	Lease Liability - Interest Portion	(15.68)	(20.80)
	Proceeds from Borrowings	22,700.00	7,250.00
	Repayment of Borrowings	(17,200.00)	(6,150.00)
	Proceeds from Debt Securities	14,561.00	6,571.00
	Repayment of Debt Securities	(11,565.00)	(12,441.00)
	Finance Cost on Debt Securities & Borrowings	(2,226.35)	(3,626.49)
	Proceeds from Compulsorily Convertible Preference Shares	600.00	500.00
	Net Cash Flow From / (Used In) Financing Activities	**6,222.63**	**(8,081.67)**
	Net Increase / (Decrease) in Cash and Cash Equivalents	268.43	(800.90)
	Cash And Cash Equivalents (Opening Balance)	245.34	1,046.24
	Cash And Cash Equivalents (Closing Balance)	513.77	245.34

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Notes

forming part of Standalone Financial Statements for the year ended 31^{st} March 2023

1. ABOUT THE COMPANY

Aditya Birla ARC Limited (the Company) was incorporated as a public limited company under the provisions of the Companies Act, 2013 on 10^{th} March 2017.

The principal activity of the Company is to carry on the business of securitization and asset reconstruction as defined in section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ('the SARFAESI Act'). The Company acts as a Manager / Trustee for trusts set up for securitization pursuant to the SARFAESI Act. The financial assets are acquired under separate trusts set up for securitization or directly for asset reconstruction.

Reserve Bank of India ('RBI') granted a Certificate of Registration to the Company on 13^{th} March 2018 to carry on business of securitization or asset reconstruction under section 3 of the SARFAESI Act.

The Company recognises its income through Trusteeship and Management Fees, which is recognized on accrual basis in accordance with the terms of the respective trust deed / offer document, wherever applicable.

The financial statements were authorized for issue by the Company's Board of Directors on 20^{th} April, 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis and accrual basis except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainly about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

4. PRESENTATION OF FINANCIAL ESTIMATES

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.
- The event of default.
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue from contract with customer

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price.

Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from the following sources:

a. The fee income comprises of Trusteeship and Management Fee. The Company receives management fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. With reference to the Notification on 'Review of Regulatory Framework' issued by RBI dated 11th October, 2022, the management fee for all the new acquisitions post the said notification shall be recovered only from the recoveries from the financial asset of the underlying Trusts. Management fees are calculated and charged as a percentage of the Net Assets Value (NAV) at the lower end of the range of the NAV specified by the Credit Rating Agency.

b. Redemption incentive and recovery incentive is accounted as and when the right to receive the amount is established as per the terms of Trust Deed.

c. Any upside share in excess realisation over acquisition price of security receipts by the Company is recognised at point in time basis as per terms of the relevant trust deed/offer document.

d. The above receipts are recognised as revenue excluding GST.

Interest Income

The Company 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 Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

For interest income on Fixed Deposit, the Company recognizes it on accrual basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company 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.

5.2 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

Date of Recognition

Financial assets and liabilities, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument

Initial Measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. However, trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured either:

- At amortised cost
- At fair value through other comprehensive income (FVTOCI)
- At fair value through profit or loss (FVTPL)

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

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 profit or loss. The losses arising from impairment are recognised in the profit or 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 & 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 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.

De-Recognition of Financial Assets

The Company de-recognises 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 de-recognition 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 profit or loss on disposal of that financial assets.

On derecognition of a financial asset other than in it's 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 financials asset 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 and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or 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.

Impairment of Financial Assets (ECL Policy)

In accordance with IND AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets & credit risk exposure.

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as loans and advances held at amortised cost for impairment based on evidence or information that is available without undue cost or effort.

The Company applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets.

Stage 1: 12-months ECL

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company has assessed that all loans and advances with no default or upto 30 days default would fall under this category.

For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – Significant increase in credit risk

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is calculated on the gross carrying amount of the asset less ECL already provided.

Stage 3: Lifetime ECL – Credit Impaired

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Credit-impaired financial assets:

At each reporting date, the company assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is 'credit-impaired' when a breach of contract such as a default or past due event that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECL provisioning is being done on each reporting date basis probability of default and loss given default on outstanding financial asset.

Trade Receivables

Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 115 are recognized. The Company provides 0.4% ECL on prudential basis on Standard Assets.

Other Financial Assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and

Notes

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impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk. The Company provides 0.4% ECL on prudential basis on Standard Assets.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, debt securities and subordinated liabilities, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair- value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI.

These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity.

All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities and equity instruments

Financial 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.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognized at the proceeds received, net of direct issue costs.

Loans & Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss

De-recognition of financial liabilities

A financial liability shall be de-recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

5.3 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

The Cash Flow Statement has been prepared under the "Indirect Method " as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash Flows' prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, as amended.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

5.4 Expenses incurred by the Company on behalf of the Trust

Expenses incurred at pre-acquisition stage are recognized as expenses for the period in which such costs are incurred. If such expenses are contracted to be recovered from the Trust, the same are shown as Loan & Advances to Trust in the Balance Sheet. These expenses are reimbursed to the Company in terms of provisions of relevant Trust Deed and Offer Document of the Trusts.

5.5 Property, Plant & Equipment.

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and arrangements arising from exchange rate variations attributable to the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow the entity and the cost can be measured reliably. Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on Tangible Fixed Assets is provided on Straight Line 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 fixed assets, which is in line with the useful life suggested by Schedule III.

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013
Computers (end user computers, Laptops)	3
Office Equipment	5
Furniture & Fixtures	10
Motor Vehicles	6

Useful life of assets estimated by management supported by the Internal Technical assessment.

Asset	Estimated Useful Life
Leasehold Improvements *	3
Motor Vehicles^	4-5

*In case of Leasehold Improvements, Depreciation calculated based on lease period

^ In case of Motor Vehicles, depreciation calculated on basis of its replacement.

Depreciation on the Fixed Assets added/disposed off/ discarded during the year is provided on pro-rata basis with reference to the date of addition/disposal/discarding.

5.6 Intangible Assets and Amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

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 recognized as income or expense in the Statement of Profit and Loss.

Useful life of intangible assets estimated by management is as under:

Asset	Estimated Useful Life
Computer Software	3

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each

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financial year, and the amortisation period is revised to reflect the changed pattern, if any.

5.7 Fair Value Measurement

The Company measures financial instruments at fair value 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 the 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

5.8 Impairment of Non-Financial Assets

The Company assesses, at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for any asset is required, the Company estimates the assets recoverable amount. An assets recoverable amount is the higher of an assets fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflow that is largely independent of those from other assets or Company of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to it recoverable amount.

5.9 Retirement and Other Employee Benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefits from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligation for contributions to the plan is recognized as an employee benefit expense in the Statement of Profit and Loss when incurred.

Defined Benefit Plans (Gratuity)

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company.

The Company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The Company recognizes all re-measurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity. The Company has employees' gratuity fund under Grasim Industries Limited Employees Gratuity Trust managed by the ultimate parent company.

Short Term Benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensated Absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the Statement of Profit and Loss.

Other Benefits

Few employees transferred from other business of the Aditya Birla Capital Group were eligible under long term incentive plan (the "old LTIP scheme") issued by that business in September 2017. The scheme is for 4 years and pay out under the scheme to employees will be made at end of 4 years, as per option opted by the employees. This is a onetime option, which cannot be changed to the option of early vesting, hence liability has been equally spread over the tenure. The old LTIP scheme is vested during the year for the covered employees and the same was settled.

Further Senior employees of the Company were offered the long term incentive plan (the "new LTIP scheme") effective 1st September, 2022. The scheme is for 3 years and pay out under the new LTIP scheme to employees will be made on an annual basis as per the plan which is under approval. The liability of the new LTIP scheme is recognized based on the valuation report obtained from the actuarial.

5.10 Leases

AS per IND AS 116

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.

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At the date of commencement of the lease, the Company recognizes 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 twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes 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 includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized 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.

5.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

5.12 Taxes

Current Tax

Current income 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, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority and are intended to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realised simultaneously.

In the event of unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised to the extent that it is probable that sufficient future taxable income will be available to realise such assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Current and deferred tax are recognised in Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity respectively.

5.13 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period 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 numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

5.14 Capital Management

The primary objective of the Company's capital management is to maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

5.15 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years

Measurement of Defined Benefit 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.

Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cashflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amount of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

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Property plant and equipment and investment property

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of the Company's assets at the end of its useful life are estimated by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful life are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Impairment of trade receivables

Trade receivables are the trusts of which Company is a trustee and also holds investments in the trust through Security Receipts. The Company estimates the probability of collection of accounts receivable by analyzing the future cash flow in the trust. If the financial condition of the trust deteriorates, additional allowances may be required.

Fair Value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

ECL on financial asset

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 level of allowances.

The Company ECL calculation are outputs of models with a number of underlying assumptions regarding the choice of variable inputs ad their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates includes:

- Probabilities of Defaults (PDs) the calculations of which includes historical data, assumptions and expectations of future conditions.
- 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 life time expected credit loss model basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Developments of ECL models, including the various formulas and choices of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effects of PDs, exposure at defaults and loss given defaults.

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;
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- 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;
- Assessment of whether a right-of-use asset is impaired.

Policy for sales out of amortised cost business model portfolios

ABARC existing business model focuses on acquisition of financial assets through trusts, with or without participation from external investors. Our existing resolution strategy is to right size the debt and restructure the debt with focus on improvement in operational performance of the acquired financial assets with existing sponsors or strategic investors.

At present ABARC has no amortised cost business model portfolio, therefore it has not prepared and adopted any such policy.

5.16 Recent pronouncements

On 31st March, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from 1st April, 2023.

i. Ind AS 101 – First time adoption of Ind AS – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets.

ii. Ind AS 102 – Share-based Payment – modification relating to adjustment after vesting date to the fair value of equity instruments granted.

iii. Ind AS 103 – Business Combination – modification relating to disclosures to be made in the first financial statements following a business combination.

iv. Ind AS 107 – Financial Instruments Disclosures – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments.

v. Ind AS 109 – Financial Instruments – modification relating to reassessment of embedded derivatives.

vi. Ind AS 1 - Presentation of Financials Statements – modification relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

vii. Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors – modification of definition of 'accounting estimate' and application of changes in accounting estimates.

viii. Ind AS 12 – Income Taxes – modification relating to recognition of deferred tax liabilities and deferred tax assets.

ix. Ind AS 34 – Interim Financial Reporting – modification in interim financial reporting relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

The Company is evaluating the amendments and the expected impact, if any, on the Company's financial statements on application of the amendments for annual reporting periods beginning on or after 1st April, 2023.

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NOTE: 6 CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Banks		
Current Accounts*	513.77	94.87
Deposit Accounts (with original maturity period of 3 months or less)	-	150.47
	513.77	**245.34**

* Includes amount of ₹ 5.30 lakhs (Previous year: ₹ 4.40 lakhs) held in Escrow Account.

NOTE: 7 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Fixed Deposit Accounts (with original maturity period of more than 3 months)	7,214.61	5,726.36
	7,214.61	**5,726.36**

NOTE: 8 TRADE RECEIVABLES, UNSECURED

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
(a) Receivables considered good	340.87	211.47
Less: Expected Credit Loss	(1.36)	(0.85)
(b) Receivables - credit impaired	-	0.51
Less: Expected Credit Loss	-	(0.51)
	339.51	**210.62**

NOTE: 8.1

Ageing Schedule for Trade Receivable as at 31st March, 2023

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables receivables considered good	340.87	-	-	-	-	340.87
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

Ageing Schedule for Trade Receivable as at 31st March, 2022

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables receivables considered good	211.47	-	-	-	-	211.47
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	0.18	0.22	0.11	0.51
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

NOTE: 8.2 RECONCILIATION OF ECL ON TRADE RECEIVABLES

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	1.36	0.62
Add: ECL allowance during the year	-	0.74
Closing Balance	**1.36**	**1.36**

NOTE: 8.3 AGEING SCHEDULE FOR UNREALISED MANAGEMENT FEE AS PER RBI CIRCULAR DOR.ACC. REC.NO. 104/21.07.001/2022-23

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Outstanding amount of unrealised management fee	340.87	211.98
1. Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 percent of the face value	-	0.51
(b) Other amounts unrealised for:		
(i) More than 180 days but upto 1 year	-	-
(ii) More than 1 year but upto 3 years	-	-
(iii) More than 3 years	-	-
Allowances held for unrealised management fee	1.36	1.36
Net unrealised management fee receivable	**339.51**	**210.11**

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NOTE: 9 LOANS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans (Carried at amortised cost)*	820.55	267.18
Less: Impairment loss allowance*	(3.28)	(3.24)
	817.27	**263.94**

*NOTE: 9.1

₹ in Lakhs

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
		At Amortised Cost	At Amortised Cost
(A)	(i) Loans	-	-
	(ii) Advances in the nature of loan	820.55	267.18
	Total Gross (A)	**820.55**	**267.18**
	Less: Impairment loss allowance	(3.28)	(3.24)
	Total Net (A)	**817.27**	**263.94**
(B)	(i) Secured by tangible assets	-	-
	(ii) Unsecured	820.55	267.18
	Total Gross (B)	**820.55**	**267.18**
	Less: Impairment loss allowance	(3.28)	(3.24)
	Total Net (B)	**817.27**	**263.94**
(C)(I)	Loans in India		
	(i) Public Sector	-	-
	(ii) Others	820.55	267.18
	Total Gross (C)(I)	**820.55**	**267.18**
	Less: Impairment loss allowance	(3.28)	(3.24)
	Total Net (C)(I)	**817.27**	**263.94**
(C)(II)	Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total Net (C)(II)	**-**	**-**
	Total (C)(I) and (II)	**817.27**	**263.94**

NOTE: 10 OTHER INVESTMENTS

(Carried at Fair value through Profit or Loss)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Investments in Security Receipts (Refer Note 16A and 16B)	49,908.15	37,931.34
Investment in Liquid Mutual funds	637.72	-
	50,545.87	**37,931.34**
In India	50,545.87	37,931.34
Outside India	-	-

Notes

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NOTE: 11 OTHER FINANCIAL ASSETS

(Unsecured, considered good, unless stated otherwise)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Security Deposits (carried at amortised cost)	45.86	42.07
Interest Accrued	-	1.02
Other Receivable	-	13.63
Other Advance	3.41	45.29
Less: Expected Credit Loss	(0.01)	(0.71)
	49.26	**101.30**

NOTE: 12 PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Computers	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Vehicles	TOTAL
Gross Block						
As at 1st April, 2021	7.72	87.60	12.65	2.29	16.60	126.86
Additions	3.76	-	-	-	33.40	37.16
Deletions	-	-	-	-	-	-
As at 31st March, 2022	**11.48**	**87.60**	**12.65**	**2.29**	**50.00**	**164.02**
Accumulated Depreciation						
As at 1st April, 2021	3.04	87.60	6.16	0.56	8.48	105.84
Depreciation for the year	3.23	-	2.52	0.23	5.99	11.97
Deletions	-	-	-	-	-	-
As at 31st March, 2022	**6.27**	**87.60**	**8.68**	**0.79**	**14.47**	**117.81**
Net Carrying amount as at 31st March, 2022	**5.21**	**-**	**3.97**	**1.50**	**35.53**	**46.21**
Gross Block						
As at 1st April, 2022	11.48	87.60	12.65	2.29	50.00	164.02
Additions	-	-	4.25	-	18.03	22.28
Deletions	-	-	-	-	(16.62)	(16.62)
As at 31st March, 2023	**11.48**	**87.60**	**16.90**	**2.29**	**51.41**	**169.68**
Accumulated Depreciation						
As at 1st April, 2022	6.27	87.60	8.68	0.79	14.47	117.81
Depreciation for the year	3.20	-	2.55	0.23	9.25	15.23
Deletions	-	-	-	-	(12.08)	(12.08)
As at 31st March, 2023	**9.47**	**87.60**	**11.23**	**1.02**	**11.64**	**120.96**
Net Carrying amount as at 31st March, 2023	**2.01**	**-**	**5.67**	**1.27**	**39.77**	**48.72**

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

NOTE: 13 OTHER INTANGIBLE ASSETS

₹ in Lakhs

Particulars	Software License	TOTAL
Gross Block		
As at 1st April, 2021	-	-
Additions	-	-
Deletions	-	-
As at 31st March, 2022	**-**	**-**
Accumulated Amortization		
As at 1st April, 2021	-	-
Amortization for the year	-	-
Deletions	-	-
As at 31st March, 2022	**-**	**-**
Net Carrying amount as at 31st March, 2022	**-**	**-**
Gross Block		
As at 1st April, 2022	-	-
Additions	32.00	32.00
Deletions	-	-
As at 31st March, 2023	**32.00**	**32.00**
Accumulated Amortization		
As at 1st April,	-	-
Amortization for the year	3.54	3.54
Deletions	-	-
As at 31st March, 2023	**3.54**	**3.54**
Net Carrying amount as at 31st March, 2023	**28.46**	**28.46**

NOTE: 14 OTHER NON-FINANCIAL ASSETS

(Unsecured, considered good, unless stated otherwise)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Dues Recievable from Government - GST	15.13	24.48
Advance to Vendor	12.22	10.23
Prepaid expenses	5.95	5.69
Gratuity Plan Assets	63.81	24.40
	97.11	**64.80**

NOTE: 15
Ageing Schedule for Trade Payables as at 31st March, 2023

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	15.00	11.65	-	-	-	26.65
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	**15.00**	**11.65**	**-**	**-**	**-**	**26.65**

Ageing Schedule for Trade Payables as at 31st March, 2022

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	21.92	10.91	23.96	-	-	56.79
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	**21.92**	**10.91**	**23.96**	**-**	**-**	**56.79**

NOTE: 16 DEBT SECURITIES
(Secured, carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Non Convertible Debentures (Refer Note 16A below)	21,537.24	22,045.54
Market Linked Debentures (Refer Note 16B below)	5,287.91	-
	26,825.15	**22,045.54**
In India	26,825.15	22,045.54
Outside India	-	-

NOTE 16A:
Following is the repayment terms of Non Convertible Debentures.

Repayment clause	Coupon rate	Maturity period
Repayment is linked to the receipt of distribution amount from redemption of Security Receipts (SR), against which the debentures are issued.	11.50%	8 years

Notes:

1. Security over the SR distributions, debt service trust accounts and all rights, title, benefit and interest in the debt service trust account.
2. Company is also required to create pledge on SRs issued, however no pledge created on SRs till date. Further Company has executed a Non Disposal Undertaking in favour of Debenture Trustee. Subject to applicable law, as and when the Debenture Trustee instructs the Company to create pledge,Company will create the pledge.

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

NOTE 16B:

Following is the repayment terms of Market Linked Debentures.

Repayment clause	Maturity period	Security Details
The Redemption Premium/ coupon payable with respect to the Debentures is linked to performance of Underlying/ Reference Index.	18 months with Call Option available after 13 months	The Company has pledged and hypothecated 3,18,750 Security Receipts (SRs) of 'ABARC-AST-006-TRUST SECUIRTY RECEIPT CLASS A 29SEP20' and 1,59,375 SRs of 'ABARC-AST-006-TRUST SECUIRTY RECEIPT CLASS B 29SEP20' having NAV of ₹ 1,313.55/- and ₹ 1,104.67/- respectively. The security cover for the MLDs issued by the Company has been maintained as per the terms of the Information Memorandum and Debenture Trust Deed and is sufficient to discharge principal amount and interest thereon.

Redemption Premium/Coupon rate

Scenario	Redemption Premium/Coupon
If Final Fixing Level is >= 50% of the Initial Fixing Level	8% XIRR (Annualized yield)
If Final Fixing Level is < 50% of the Initial Fixing Level	NIL

NOTE: 17 BORROWINGS (OTHER THAN DEBT SECURITIES)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Term Loans (Carried at amortised cost)		
(i) From Banks (Secured)	6,989.55	-
(ii) From Related parties (Unsecured)	-	4,500.00
Loans repayable on demand		
(i) From Banks (Secured)	2,999.28	-
	9,988.83	**4,500.00**
In India	9,988.83	4,500.00
Outside India	-	-

Following is the repayment terms of the Bank Borrowings outstanding as at 31st March, 2023

Type of Bank Loan	Repayment clause	Interest rate	Security Details
Term Loan	In 36 months commencing from the date of disbursal of the Facility or any part thereof by way of 8 equal quarterly instalments of ₹ 875 lakhs each or such other amount that the Bank may from time to time fix, to the intent that the entire Facility together with interest, additional interest, cost and other expenses shall be repaid within the expiry of the aforesaid period.	MCLR for 3 months tenor + Spread 1.67%	Primary - Pledge of Security Receipts (SRs). Collateral - (i) Letter of Comfort from the Holding Company; (ii) Charge on on Cash flows from all unencumbered SRs including pledged SRs mentioned above (excluding cashflows and security receipts already charged to other creditors).
Working Capital Demand Loan	In lump/by way of bullet payment on or before 26th June, 2023.	MCLR for 3 months tenor + Spread 1.17%	

Following is the repayment terms of the outstanding loans taken from related party as at 31st March, 2022

Repayment clause	Interest rate	Maturity period
Repayable anytime within 12 months from the date of disbursement. Interest payable at the end of each quarter of calender year.	9.30%	12 months or on call

NOTE: 18 SUBORDINATE LIABILITIES

(Carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Compulsorily Convertible Preference Shares	2,700.00	2,100.00
	2,700.00	**2,100.00**
In India	2,700.00	2,100.00
Outside India	-	-

Notes:

1. 0.01% Compulsorily Convertible Preference Shares ('CCPS') on a non-cumulative basis.
2. To be compulsorily converted into equity shares of ₹ 10/- each at higher of
   (a) Fair Market value determined as on the date of conversion or
   (b) ₹ 10/- per equity share (being the face value of equity shares).
3. The date of allotment and the tenor of the outstanding CCPS of ₹ 2,700/- lakhs and ₹ 2,100/- lakhs as at 31st Mar'23 and 31st Mar'22 respectively is as mentioned in the below table:

Date of allotment	Tenor	CCPS Amount (₹ in Lakhs)
20-02-2018	20 Years	800.00
29-10-2018	20 Years	300.00
31-03-2020	10 Years	500.00
21-06-2021	10 Years	500.00
24-06-2022	10 Years	600.00

NOTE: 19 OTHER FINANCIAL LIABILITIES

(Carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Accrued salaries and benefits	413.26	612.53
	413.26	**612.53**

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

NOTE: 20 PROVISIONS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for Employee Benefits		
Provision for Leave encashment	17.74	24.85
Provision for Gratuity	42.48	56.34
	60.22	**81.19**

NOTE: 21 OTHER NON FINANCIAL LIABILITIES

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unearned Revenue	1,194.49	819.02
Statutory Dues	157.66	105.38
	1,352.15	**924.40**

NOTE: 22 SHARE CAPITAL

₹ in Lakhs

Particulars	Numbers	As at 31st March, 2023	Numbers	As at 31st March, 2022
Authorised:				
Equity Shares of ₹ 10/- each	150,000,000	15,000.00	130,000,000	13,000.00
	150,000,000	**15,000.00**	**130,000,000**	**13,000.00**
Issued:				
Equity Share Capital				
Equity Shares of ₹ 10/- each	100,000,000	10,000.00	100,000,000	10,000.00
	100,000,000	**10,000.00**	**100,000,000**	**10,000.00**
Subscribed and Paid-up:				
Equity Share Capital				
Equity Shares of ₹ 10/- each, fully paid-up	100,000,000	10,000.00	100,000,000	10,000.00
	100,000,000	**10,000.00**	**100,000,000**	**10,000.00**

1) Reconciliation of the number of shares authorized at the beginning and at the end of the year

₹ in Lakhs

Sr. No.	Description	As at 31st March, 2023		As at 31st March, 2022	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	130,000,000	13,000.00	130,000,000	13,000.00
2	Add: Increased during the year	20,000,000	2,000.00	-	-
3	No. of Shares Outstanding at the end of the year	150,000,000	15,000.00	130,000,000	13,000.00

2) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

₹ in Lakhs

Sr. No.	Description	As at 31st March, 2023		As at 31st March, 2022	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
2	Add: Increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	100,000,000	10,000.00	100,000,000	10,000.00

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, after distribution to all preferential holders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

Terms of any securities convertible into equity shares

For the terms of compulsarily convertible preference shares, refer Note 18 on Subordinated Liabilities

Shares held by holding / ultimate holding Company and / or their subsidiaries / associates

Out of equity shares issued by the company, shares held by its holding company, ultimate company and their subsidiaries / associates are as below:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Amount (₹)	Amount (₹)
Parent - Aditya Birla Capital Limited		
9,99,99,940 equity shares	999,999,400	999,999,400

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2023	As at 31st March, 2022
Parent - Aditya Birla Capital Limited (in numbers)	99,999,940	99,999,940
% of shareholding	99.99%	99.99%

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

Shares held by promoters

Out of equity shares issued by the company, shares held by promoters are as below:

Sr. No	Promoters Name	Shares held by promoters as at 31st March, 2023		% Change during the year
		No. of Shares	% of total shares	
1	No. of Shares Outstanding at the end of the year	99,999,940	99.99%	-

Sr. No	Promoters Name	Shares held by promoters as at 31st March, 2022		% Change during the year
		No. of Shares	% of total shares	
1	Aditya Birla Capital Limited	99,999,940	99.99%	-

NOTE: 23 OTHER EQUITY

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Retained Earnings*		
Opening Balance	4,773.85	2,614.97
Addition:		
Profit for the Year	2,608.40	2,166.94
Other Comprehensive income / (loss) for the year	18.54	(8.06)
Closing Balance	**7,400.79**	**4,773.85**
Total Other Equity	**7,400.79**	**4,773.85**

* Retained Earning comprises of Surplus in Profit & Loss Account of the Company

NOTE: 24 FEE INCOME

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Trusteeship and Management Fees	3,275.58	2,761.44
Debt Restructuring fee	77.26	-
	3,352.84	**2,761.44**

NOTE: 25 RECOVERY INCENTIVE

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Recovery Incentive	324.58	-
	324.58	**-**

NOTE: 26 NET GAIN ON FAIR VALUE CHANGES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Net gain / (loss) on financial assets at fair value through profit or loss	4,525.05	4,443.34
	4,525.05	**4,443.34**
Fair Value changes :		
Realised	8,054.19	824.04
Unrealised	(3,529.14)	3,619.30
	4,525.05	**4,443.34**

NOTE: 27 OTHER INCOME

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Profit on sale of Property, plant and equipments	1.14	-
Interest on deposits with Banks		
On Financial Assets carried at amortised cost	288.58	233.97
Interest on Others		
On Financial Assets carried at amortised cost	2.75	2.97
Interest on tax refunds	84.19	2.56
Net gain / (loss) on financial instruments at fair value through profit or loss		
On Mutual Fund units	2.75	-
	379.41	**239.50**
Fair Value changes on Mutual Fund units:		
Realised	-	-
Unrealised	2.75	-
	2.75	**-**

NOTE: 28 FINANCE COST

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Interest on Financial Liabilities carried at amortised cost		
Debt securities	2,950.14	2,978.39
Borrowing other than Debt securities	1,048.66	338.64
Finance Cost - Lease Liability	15.68	20.80
	4,014.48	**3,337.83**

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

NOTE: 29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
On Trade Receivables	0.01	0.73
On Other Financial Assets held at Amortised Cost	(0.65)	2.21
	(0.64)	**2.94**

NOTE: 30 EMPLOYEE BENEFITS EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Salaries and Wages	753.09	961.77
Contribution to provident and other funds (Refer Note no 36)	38.99	32.18
Staff Welfare Expenses	26.82	7.90
	818.90	**1,001.85**

NOTE: 31 DEPRECIATION AND AMORTIZATION EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Depreciation of Property, plant and equipment	15.23	11.97
Amortization of other Intangible assets	3.54	-
Amortisation on Lease Assets	80.17	80.20
	98.94	**92.17**

NOTE: 32 OTHER EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Rent	0.85	0.47
Repairs & Maintenance - Others	16.62	14.58
Insurance	0.95	0.68
Rates & Taxes	21.91	0.48
Legal & Professional Expenses (Refer Note 32.1)	68.23	61.76
Travelling & Conveyance	1.03	3.31
Printing and Stationery	0.82	0.53
Communication Expenses	0.26	0.17
Electricity Charges	2.84	2.42
Information Technology Expenses	20.17	18.63
Director Sitting Fees	12.90	14.30
Recruitment Charges	10.46	2.04
Miscellaneous Expenses	8.75	10.59
Total	**165.79**	**129.96**

NOTE: 32.1 INCLUDES AUDITORS REMUNERATION

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Audit Fees*	6.50	5.50
Tax Audit Fees	1.65	1.50
Other Certification Fees	1.25	0.50
	9.40	**7.50**

*Includes ₹ 2.35 lakhs pertaining to erstwhile auditors during the previous year.

NOTE: 33 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 33 EARNINGS PER SHARE

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Earnings per Share (EPS) is calculated as under:		
Weighted-average Number of Equity Shares for calculation of Basic EPS	1,000.00	1,000.00
Weighted-average number of Equity Shares for calculation of Diluted EPS	1,025.62	1,019.89
Nominal Value of Shares (₹)	10.00	10.00
Profit attributable to equity holders of the Parent:		
Continuing Operations	2,608.40	2,166.94
Basic EPS (₹)	2.61	2.17
Diluted EPS (₹)	2.54	2.12

Dilutive shares for computation of Earnings per share pertain to 27,00,000 (Previous year: 21,00,000) 0.01% compulsorily convertible preference shares.

NOTE: 34 DISCLOSURE IN RESPECT OF RELATED PARTY PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24: (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITOR)

a. List of Related Parties:

A Holding Company

Aditya Birla Capital Limited (ABCL) (Formerly known as Aditya Birla Financial Services Limited)

B Directors and Key Management Personnel

Ajay Srinivasan- Director (upto 25th July, 2022)

Tushar Shah- Director

Pinky Mehta - Director

Vishakha Mulye - Director (wef 18nd August, 2022)

Sharadkumar Bhatia - Independent Director

Sanjay Jain - Chief Executive Officer

Sandeep Somani - Chief Financial Officer

Sethurathnam Ravi - Independent Director

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

C Fellow Subsidiary

Aditya Birla Finance Limited

Aditya Birla Money Limited

Aditya Birla Sunlife Insurance Company Limited

Aditya Birla Stressed Asset AMC Private Limited

Aditya Birla Financial Shared Services Limited

Aditya Birla Sun Life AMC Limited

Aditya Birla Wellness Private Limited

Aditya Birla Insurance Brokers Limited

Grasim Industries Limited -Employee Gratuity Trust Fund

D Associate of Holding Company

Aditya Birla Sun Life AMC Limited

E ARC Trust - Controlled by the Company

ABARC-AST-001 Trust*

ABARC-AST-008 Trust*

ABARC-AST-010 Trust*

*Trusts set up by the Company for the purpose of carrying out asset securitization and reconstruction business. By virtue of provisions of SARFAESI Act and RBI guidelines, the Company acts as Trustee and Investment Manager (IM) of the aforesaid trusts and decides the acquisition and resolution strategy and takes necessary steps for recovery in line with the strategy decided. As prescribed by RBI, the Asset Acquisition and Resolution has to be approved by a "Committee" of the Company to ensure that there is no potential conflict with the interest of the Company and they are being carried out on arm's length basis at fair market value. Further, powers and duties of the Company, acting as Trustee and AMC of the aforesaid trusts are governed by relevant trust deeds / offer document and commitment agreement.

b. Transactions and Balances with related parties for the year ended 31st March, 2023 and 31st March, 2022

₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
A	**Holding Company**		
1	**Transactions during the year ***		
	Aditya Birla Capital Limited (Issue of Compulsorily Convertible Preference Shares)	600.00	500.00
	Aditya Birla Capital Limited (ICD taken)	10,200.00	7,250.00
	Aditya Birla Capital Limited (ICD redeemed)	14,700.00	2,750.00
	Aditya Birla Capital Limited (ICD interest)	206.29	296.09
2	**Balance Outstanding**		
	Aditya Birla Capital Limited (Equity Shares)	10,000.00	10,000.00
	Aditya Birla Capital Limited (CCPS)	1,600.00	1,000.00
	Aditya Birla Capital Limited (ICD)	-	4,500.00
	Aditya Birla Capital Limited (Other - Payables)	3.67	2.36

₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
B	**Directors and Key Management Personnel**		
1	**Transactions during the year***		
	Sanjay Jain (Remuneration)^	137.67	190.42
	Sandeep Somani (Remuneration)^	46.28	54.95
	Sharadkumar Bhatia (Sitting Fees)	6.80	7.85
	Sethurathnam Ravi (Sitting Fees)	6.10	6.45
C	**Fellow Subsidiaries**		
1	**Transactions during the year***		
i	**Expenses Reimbursement**		
	Aditya Birla Finance Limited (Employee offsite cost)	10.02	-
	Aditya Birla Finance Limited (Software License Expense)	-	0.21
	Aditya Birla Stressed Asset AMC Private Limited (Payroll Expense)	201.67	87.76
	Aditya Birla Money Limited (Insurance expense against employee transfer)	-	0.02
ii	**Expense Recovery**		
	Aditya Birla Stressed Asset AMC Private Limited (Insurance expense)	1.13	1.23
	Aditya Birla Stressed Asset AMC Private Limited (Professional expense)	0.05	0.06
	Aditya Birla Finance Limited (Employee LTIP expense)	39.48	-
	Aditya Birla Money Limited (Payroll expense)	0.99	-
iii	**Expenses**		
	Aditya Birla Financial Shared Services Ltd (Professional Expense)	-	0.59
	Aditya Birla Insurance Brokers Limited (Professional Expense)	0.85	-
	Aditya Birla Money Limited (Custodian fees)	2.26	1.01
	Aditya Birla Wellness Private Limited (Staff Welfare Expense)**	0.11	0.00
	Aditya Birla Sun Life Insurance Company Limited (Insurance expense)	0.96	2.00
iv	**Others**		
	Aditya Birla Finance Limited (Purchase of Asset)	0.65	-
	Aditya Birla Money Limited (Addition in liability against employee transfer)	-	13.65
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	31.89	2.46
v	**Advance for Expenses**		
	Aditya Birla Sun Life Insurance Company Limited (Insurance premium deposit)	0.60	0.48
2	**Balance Outstanding**		
i	**Receivable**		
	Aditya Birla Money Limited	-	13.63
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	63.81	24.40
ii	**Payable**		
	Aditya Birla Insurance Brokers Limited	0.93	-
	Aditya Birla Stressed Asset AMC Private Limited	4.75	5.37
D	**Associate of Holding Company**		
1	**Transactions during the year ***		
i	**Expenses**		
	Aditya Birla Sun Life AMC Ltd (ICD interest)	81.08	-
ii	**Others**		
	Aditya Birla Sun Life AMC Ltd (ICD taken)	2,500.00	-
	Aditya Birla Sun Life AMC Ltd (ICD redeemed)	2,500.00	-

Notes

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₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
E	**ARC Trust - Controlled by the Company**		
1	**Transactions during the year***		
i	**Expense Recovery**		
	ABARC-AST-001 Trust (expenses incurred on behalf of the Trust)	-	0.28
	ABARC-AST-008 Trust (expenses incurred on behalf of the Trust)	-	4.29
	ABARC-AST-010 Trust (expenses incurred on behalf of the Trust)	0.04	-
ii	**Income**		
	ABARC-AST-008 Trust (Trusteeship Fees)	21.25	33.88
iii	**Investment in security receipts**		
	ABARC-AST-010 Trust	8,500.00	-
iv	**Redemption of security receipts**		
	ABARC-AST-001 Trust	6.29	-
	ABARC-AST-008 Trust	1,536.85	1,261.88
	ABARC-AST-010 Trust	8,491.50	-
v	**Advances**		
	ABARC-AST-001 Trust (Advances in the nature of loan)	0.72	1.94
	ABARC-AST-008 Trust (Advances in the nature of loan)	1.77	-
	ABARC-AST-010 Trust (Advances in the nature of loan)	2.83	-
	ABARC-AST-001 Trust (Repayment of Advance)	5.10	-
	ABARC-AST-008 Trust (Repayment of Advance)	-	40.07
	ABARC-AST-010 Trust (Repayment of Advance)	2.85	-
2	**Balance Outstanding**		
i	**Investments**		
	ABARC-AST-001 Trust (Investment in security receipts)	-	15.00
	ABARC-AST-008 Trust (Investment in security receipts)	596.27	2,133.12
	ABARC-AST-010 Trust (Investment in security receipts)	8.50	-
ii	**Payables**		
	ABARC-AST-010 Trust (Excess repayment of advance given)	0.01	-
iii	**Receivables**		
	ABARC-AST-001 Trust (Trusteeship Fees and expenses incurred on behalf of Trust)	-	1.57
	ABARC-AST-008 Trust (Trade Receivable)	1.71	-
	ABARC-AST-001 Trust (Advance given)	-	4.38
	ABARC-AST-008 Trust (Advance given)	1.77	-

* All amounts are exclusive of GST

** Figures rounded off to the nearest thousand

^ Variable Pay & Retirement Benefits are not included

Note: The Company has obtained a letter of comfort from Aditya Birla Capital Limited for ₹ 15,000 lakhs against the funds borrowed from the bank and the Market Linked debentures issued during the year.

NOTE: 35 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.

₹ in Lakhs

Particulars	31st March, 2023			31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	513.77	-	513.77	245.34	-	245.34
Bank Balance other than above	519.01	6,695.60	7,214.61	2,585.18	3,141.18	5,726.36
Trade receivables	339.51	-	339.51	210.62	-	210.62
Loans	817.27	-	817.27	263.94	-	263.94
Investments	36,800.95	13,744.92	50,545.87	20,581.30	17,350.04	37,931.34
Other financial assets	7.62	41.64	49.26	62.41	38.89	101.30
Non-financial Assets						
Current tax asset	-	255.26	255.26	-	1,655.46	1,655.46
Property, plant and equipment	-	48.72	48.72	-	46.21	46.21
Other Intangible assets	-	28.46	28.46	-	-	-
Right to use of Assets	-	160.51	160.51	-	240.78	240.78
Other non financial assets	97.11	-	97.11	64.80	-	64.80
Total assets	**39,095.24**	**20,975.11**	**60,070.35**	**24,013.59**	**22,472.56**	**46,486.15**
Liabilities						
Financial Liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	26.65	-	26.65	56.79	-	56.79
Debt Securities	9,683.24	17,141.91	26,825.15	12,823.85	9,221.69	22,045.54
Borrowings (Other than Debt Securities)	5,619.60	4,369.23	9,988.83	4,500.00	-	4,500.00
Subordinate Liabilities	-	2,700.00	2,700.00	-	2,100.00	2,100.00
Lease Liabilities	95.20	91.01	186.21	90.67	173.64	264.31
Other Financial liabilities	306.49	106.77	413.26	612.53	-	612.53
Non-financial Liabilities						
Provisions	45.51	14.71	60.22	59.28	21.91	81.19
Deferred tax liabilities (net)	-	1,117.09	1,117.09	-	1,127.54	1,127.54
Other non-financial liabilities	1,352.15	-	1,352.15	924.40	-	924.40
Equity						
Equity Share Capital	-	10,000.00	10,000.00	-	10,000.00	10,000.00
Other Equity	-	7,400.79	7,400.79	-	4,773.85	4,773.85
Total Liabilities	**17,128.84**	**42,941.51**	**60,070.35**	**19,067.52**	**27,418.63**	**46,486.15**
Net			-			-

Notes

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NOTE: 36 EMPLOYEE BENEFIT DISCLOSURES

Defined Contribution Plan

The amounts charged to the Statement of Profit and Loss during the year for Provident fund contribution aggregates to ₹ 24.15 lakhs (31st March, 2022 – ₹ 22.60 lakhs).

Defined Benefit Plan

General Description of the plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year 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 favorable as compared to the obligation under Payment of Gratuity Act, 1972.

Nature of Benefits:

The Company 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 Company.

Inherent Risks:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company 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.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the balance sheet for the gratuity plan of the Company.

Amounts recognized in the Balance sheet in respect of Gratuity

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Opening Defined Benefit Obligations	56.34	21.98
Current Service Cost	11.48	9.44
Interest Cost	3.91	1.24
Acturial changes arising from changes in demographic assumptions	(6.12)	13.56
Acturial changes arising from changes in financial assumptions	(1.45)	(3.28)
Acturial changes arising from changes in experience assumptions	(11.37)	1.80
Add: Benefits paid including transfer in/out	(10.31)	11.60
Present value of defined benefit obligation	42.48	56.34

Changes in Fair Value of Plan Assets

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Opening Fair Value of the Plan Assets	24.39	19.52
Interest Income on the Plan Assets	1.69	1.10
Employers Contribution	31.89	2.46
Return on Plan Assets	5.83	1.31
Closing Fair Value of the Plan Assets	63.80	24.39

Amounts recognized in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
In Statement of Profit and Loss	11.48	9.44
Interest on net defined benefit liability/(assets)	2.22	0.14
Total Expenses Recognized for the period	13.70	9.58

Other Comprehensive Income:

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Actuarial (gains)/ losses		
Actual Return on Plan Assets excluding amount recognised in net interest expense	(5.83)	(1.31)
Actuarial changes arises from change		
- Demographic Assumptions	(6.12)	13.56
- Financial Assumptions	(1.45)	(3.28)
- Experience Variance	(11.37)	1.80
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in OCI	(24.77)	10.77

b) Maturity Profile of Defined Benefit Obligation

₹ in Lakhs

Weighted average duration (based on discounted cashflows)	6 years
Expected cash flows over the next (valued on undiscounted basis):	
1 years	4.77
2 to 5 years	19.00
6 to 10 years	27.47
More than 10 years	22.42

c) Expected Contribution during the next annual reporting period
The company's best estimate of contribution during the next year

d) Funding Arrangements and Funding Policy
The Scheme is on funded basis.

e) Principal Actuarial Financial Assumptions

Particulars	31st March, 2023	31st March, 2022
Discount Rate (per anumn)	7.30%	6.95%
Salary Growth Rate (per anumn)	10%	10%
Decrement adjusted remaining working life (yrs)	5.83	8.31

The discount rate indicated above reflects the estimated timing and currency of benefit payments.It is based on the yields / rates available on applicable bonds as on the current valuation date.

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The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

f) Demographic Assumptions

Particulars	31st March, 2023	31st March, 2022
Mortality Rate	100% of IALM 2012-24	100% of IALM 2012-24
Normal retirement age	60 yrs	60 yrs
Attrition/Withdrawal rate (per anumn)	15%	10%

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

g) Major Categories of Plan Assets (as a percentage of Total Plan Assets)

Particulars	31st March, 2023	31st March, 2022
Government of India Securities	3.04%	5.79%
State Govt. Securities	3.94%	4.84%
High Quality Corporate Bonds	0.64%	0.80%
Fund Managed by Insurers	41.06%	36.92%
Other Investments	51.32%	51.64%
Total	**100.00%**	**100.00%**

Sensitivity Analysis

₹ in Lakhs

Particulars	31st March, 2023		31st March, 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 0.5%)	43.86	41.16	59.18	53.70
(% change compared to base due to sensitivity)	3.30%	-3.10%	5.00%	-4.70%
Salary Growth (-/+ 0.5%)	41.19	43.83	53.75	59.09
(% change compared to base due to sensitivity)	-3.00%	3.20%	-4.60%	4.90%
Attrition Rate (-/+ 50%)	53.47	37.60	74.18	47.70
(% change compared to base due to sensitivity)	25.90%	-11.50%	31.70%	-15.30%
Mortality Rate (-/+ 10%)	42.43	42.52	56.30	56.38
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

Sensitivity Analysis Method

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTE: 37 TAXATION APPROACH

The Company has opted to pay income tax u/s 115BAA of Income Tax Act, 1961 from F.Y: 2019-20 in order to pay tax at the lower rate.

NOTE: 38 INCOME TAX DISCLOSURE

Current tax for the year of ₹ 892.69 lakhs (31st March, 2022 - ₹ 546.04 lakhs).

The major components of income tax expense for the years ended

Statement of profit and loss:

Profit or loss Section	31-Mar-23	31-Mar-22
Current tax	892.69	546.04
Excess Provision for Tax Related to Earlier Years (Net)	-	(10.08)
Deferred tax	(16.68)	176.63
Income tax expense reported in the statement of profit or loss	**876.01**	**712.59**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for years ended

	31-Mar-23	31-Mar-22
A) Income before income tax	3,484.41	2,879.53
B) Enacted tax rate in India	25.168%	25.168%
C) Expected Tax Expense (A*B)	876.96	724.72
D) Short/(Excess) Provision for Tax Related to Earlier Years (Net)	-	(10.08)
E) Other Adjustments	(0.95)	(2.05)
Income tax expense reported in the statement of profit and loss	876.01	712.59

Deferred tax:

Deferred tax relates to the following:

Balance Sheet	31-Mar-23	31-Mar-22
Deferred tax Liabilities		
Marked to Market Value of Investment	1,352.80	2,241.01
Subtotal A	**1,352.80**	**2,241.01**
Deferred tax Assets		
Leave Encashment	(4.46)	(6.25)
Difference in WDV between Companies Act and Income Tax Act	(15.14)	(15.29)
Temporary differences due to Lease accounting as per Ind AS 116	(12.66)	(12.11)
Impact of IND AS 116 on Reserve	(1.46)	(1.46)
Employee LTIP provision	(26.87)	(78.94)
ECL provisions	(0.84)	(1.34)
Securitization Income as per Income Tax Act	(174.27)	(998.08)
Subtotal B	**(235.71)**	**(1,113.47)**
Net deferred tax liabilities	**1,117.09**	**1,127.54**

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Reflected in the balance sheet as follows:	31-Mar-23	31-Mar-22
Deferred tax assets	(235.71)	(1,113.47)
Deferred tax liabilities	1,352.80	2,241.01
Deferred tax liabilities (net)	**1,117.09**	**1,127.54**

Reconciliation of deferred tax liabilities (net)	31-Mar-23	31-Mar-22
Opening balance as of 1st April	**1,127.54**	**953.62**
Tax expense during the period recognised in profit and loss	(16.68)	176.63
Tax (income)/expense during the period recognised in OCI	6.23	(2.71)
Closing balance as at 31st March	**1,117.09**	**1,127.54**

NOTE: 39 LEASES

Following are the changes in the carrying value of right of use assets:

Particulars	Category of ROU Asset Leasehold premises	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance as at 1st April	**240.78**	**321.09**
Additions	-	-
Modification to lease terms	-	-
Deletions	-	-
Depreciation	(80.17)	(80.20)
Other adjustment	(0.10)	(0.11)
Balance as at 31st March	**160.51**	**240.78**

Amounts recognised in profit and loss

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation expense on right-of-use assets	80.17	80.20
Interest expense on lease liabilities	15.68	20.80

The following is the break-up of current and non-current lease liabilities:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Current Lease Liabilities	95.20	90.67
Non-Current Lease Liabilities	91.01	173.64
Total	**186.21**	**264.31**

The following is the movement in lease liabilities during the year:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance as at 1st April	**264.31**	**332.81**
Additions	-	-
Modification to lease terms	-	-
Finance Cost accrued during the period	15.68	20.80
Deletions	-	-
Variable lease payment adjustments	(0.12)	(0.10)
Payment of Lease Liabilities	(93.66)	(89.20)
Balance as at 31st March	**186.21**	**264.31**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Less than one year	-	93.66
One to Five years	-	-
More than Five years	-	-
Total	-	**93.66**

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.

NOTE: 40 CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. As per RBI guidelines, ARC has to maintain capital 15% of the capital adequacy ratio:

	Capital Adequacy Ratio	31-Mar-22
Capital Adequacy Ratio	33.39%	30.38%

NOTE: 41 ANALYTICAL RATIOS

Particulars	Capital Adequacy Ratio	Capital Adequacy Ratio
Capital to risk-weighted assets ratio*	33.39%	30.38%
Liquidity Coverage Ratio**	4564.63%	5135.18%

* Since Company is an Asset Reconstruction Company, Tier I CRAR and Tier II CRAR are not applicable.
** Liquidity Coverage Ratio is calculated based on the closing balance of quick assets as numerator and quick liabilities as denominator.

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NOTE: 42 FAIR VALUE

The following table provides the comparison of carrying value and fair value of the Company's Financial Assets and Liabilities as at 31st March, 2023 & 31st March, 2022.

As at 31st March, 2023

₹ in Lakhs

	Carrying Value	Fair Value
Financial Assets		
Trade Receivables	339.51	339.51
Loans	817.27	817.27
Investments Unquoted(FVTPL)	50,545.87	50,545.87
Others financial Asset	49.26	49.26
Total	**51,751.91**	**51,751.91**
Financial Liabilities		
Trade payables	26.65	26.65
Debt Securities	26,825.15	26,825.15
Borrowings (Other than Debt Securities)	9,988.83	9,988.83
Compulsorily Convertible Preference Shares	2,700.00	2,700.00
Lease liabilities	186.21	186.21
Others financial liabilities	413.26	413.26
Total	**40,140.10**	**40,140.10**

As at 31st March, 2022

₹ in Lakhs

	Carrying Value	Fair Value
Financial Assets		
Trade Reeceivables	210.62	210.62
Loans	263.94	263.94
Investments Unquoted(FVTPL)	37,931.34	37,931.34
Others financial Asset	101.30	101.30
Total	**38,507.20**	**38,507.20**
Financial Liabilities		
Trade payables	56.79	56.79
Debt Securities	22,045.54	22,045.54
Borrowings (Other than Debt Securities)	4,500.00	4,500.00
Compulsorily Convertible Preference Shares	2,100.00	2,100.00
Lease liabilities	264.31	264.31
Others financial liabilities	612.53	612.53
Total	**29,579.17**	**29,579.17**

The fair value of the financial assets and liabilities is 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.

NOTE: 43 FAIR VALUE HIERARCHY

Following table provides the fair value measurement hierarchy of the Company's assets and liabilities as on 31st March, 2023 & 31st March, 2022

As at 31st March, 2023

₹ in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2*	Level 3
Investments Unquoted(FVTPL)	31-03-2023	50,545.87	-	637.72	49,908.15

Financial Assets & Financial Liabilities not measured at fair value, including their levels in the fair value heirarchy are presented below.

₹ in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivables	31-03-2023	339.51	-	-	339.51
Loans	31-03-2023	817.27	-	-	817.27
Others financial Asset	31-03-2023	49.26	-	-	49.26
Financial Liabilities					
Trade payables	31-03-2023	26.65	-	-	26.65
Debt Securities	31-03-2023	26,825.15	-	-	26,825.15
Borrowings (Other than Debt Securities)	31-03-2023	9,988.83	-	-	9,988.83
Compulsorily Convertible Preference Shares	31-03-2023	2,700.00	-	-	2,700.00
Lease liabilities	31-03-2023	186.21	-	-	186.21
Others financial liabilities	31-03-2023	413.26	-	-	413.26

As at 31st March, 2022

₹ in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2	Level 3
Investments Unquoted(FVTPL)	31-03-2022	37,931.34	-	-	37,931.34

Financial Assets & Financial Liabilities not measured at fair value, including their levels in the fair value heirarchy are presented below.

₹ in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivables	31-03-2022	210.62	-	-	210.62
Loans	31-03-2022	263.94	-	-	263.94
Others financial Asset	31-03-2022	101.30	-	-	101.30
Financial Liabilities					
Trade payables	31-03-2022	56.79	-	-	56.79
Debt Securities	31-03-2022	22,045.54	-	-	22,045.54
Borrowings (Other than Debt Securities)	31-03-2022	4,500.00	-	-	4,500.00
Compulsorily Convertible Preference Shares	31-03-2022	2,100.00	-	-	2,100.00
Lease liabilities	31-03-2022	264.31	-	-	264.31
Others financial liabilities	31-03-2022	612.53	-	-	612.53

Notes

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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. This means that fair values are determined in whole or in part 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, that is, to estimate an exit price.

* Level 2 Investment is Fair value of investment in Mutual Funds as per NAV declared on these units.

There have been no transfers between levels during the year ended 31st March, 2023 and year ended 31st March, 2022.

Movement in Level 3 Financial Instruments measured at Fair Value

₹ in Lakhs

Financial Assets	Investments Unquoted (in SRs)	
Particulars	**As at 31st March, 2023**	**As at 31st March 2022**
As at beginning of the year	**37,931.34**	43,035.51
Investments	**32,830.02**	11,286.00
Redemptions/write offs	**(17,324.07)**	(20,009.47)
Gains for the year recognised in profit or loss	**(3,529.14)**	3,619.30
At at end of the year	**49,908.15**	37,931.34
Unrealised gains related to balances held at the end of the year	**(3,529.14)**	3,619.30

Unobservable inputs used in measuring fair value categorised within Level 3

₹ in Lakhs

Type of Financial Instruments	Fair Value of Asset as on 31st March, 2023	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	49,908.15	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates

₹ in Lakhs

Type of Financial Instruments	Fair Value of Asset as on 31st March, 2022	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	37,931.34	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates

* Expected Gross Recoveries are pertaining to the overall assets under management of the Company. The cash attributable to the Company's share in expected gross recoveries will be dependant on the Company's investment share and terms of the SR subscribed.

Qualitative analysis of significant unobservable inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spread are added to the benchmark rate when discounting the future expected cash flows. Hence these spreads reduce the net present value of an asset or increase the value of liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quaity of the asset. They can be implied from the underlying deal documents and are usually unobservable for illiquid or complex instruments.

Cash Flow

Expected Cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, manner of resolution and other economic drivers. The manner of resolution is determined based on financial position and negotiaitions with counterparty.

NOTE: 44 RISK MANAGEMENT FRAMEWORK

a. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

b. Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The primary source of capital used by the Company is equity including CCPS, Debt Securities.

Available capital resources:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Compulsorily Convertible Preferences shares	2,700.00	2,100.00
Debt Securities	26,825.15	22,045.54
Borrowings (Other than Debt Securities)	9,988.83	4,500.00
Total Equity	10,000.00	10,000.00
Total Capital	**49,513.98**	**38,645.54**

c. Regulatory framework

Regulators are interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

Financial risks

1. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, preference shares. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company manages its liquidity risk through temporary funding from its holding Company and availing bank overdraft as and when require.

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ in Lakhs

Year ended 31st March, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	11.65	15.00	-	-	26.65
Debt Securities*	-	211.10	9,472.14	17,141.91	-	26,825.15
Borrowings (Other than Debt Securities)	2,999.28	(1.16)	2,621.48	4,369.23	-	9,988.83
Compulsorily Convertible Preference Shares	-	-	-	-	2,700.00	2,700.00
Lease Liabilities	-	21.67	73.53	91.01	-	186.21
Other financial liabilities	-	306.49	-	106.77	-	413.26
	2,999.28	**549.75**	**12,182.15**	**21,708.92**	**2,700.00**	**40,140.10**

₹ in Lakhs

Year ended 31st March, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	34.87	21.92	-	-	56.79
Debt Securities*	-	1,556.33	11,267.52	9,221.69	-	22,045.54
Borrowings (Other than Debt Securities)	-	-	4,500.00	-	-	4,500.00
Compulsorily Convertible Preference Shares	-	-	-	-	2,100.00	2,100.00
Lease Liabilities	-	19.11	71.56	186.23	-	276.90
Other financial liabilities	-	7.89	604.64	-	-	612.53
	-	**1,618.20**	**16,465.64**	**9,407.92**	**2,100.00**	**29,591.76**

* Term of Debt Securities is 8 years, repayment is dependent on distribution from Security Receipts which may stretch more than 5 years.

The table below summarises the maturity profile of the Company's financial Assets based on contractual undiscounted payments.

₹ in Lakhs

Year ended 31st March, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	513.77	-	-	-	-	513.77
Fixed Deposit Accounts	-	-	519.01	6,695.60	-	7,214.61
Trade Receivables	-	339.51	-	-	-	339.51
Loans	-	-	817.27	-		817.27
Investments	-	221.92	36,579.03	13,744.92	-	50,545.87
Other Financial Assets	-	-	7.62	41.64	-	49.26
	513.77	**561.43**	**37,922.93**	**20,482.16**	**-**	**59,480.29**

₹ in Lakhs

Year ended 31st March, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	94.87	150.47	-	-	-	245.34
Fixed Deposit Accounts	-	110.41	2,474.77	3,141.18	-	5,726.36
Trade Receivables	-	210.62	-	-	-	210.62
Loans	-	2.19	261.75	-	-	263.94
Investments	-	1,765.99	18,815.31	17,350.04	-	37,931.34
Other Financial Assets	-	15.18	47.23	38.89	-	101.30
	94.87	**2,254.86**	**21,599.06**	**20,530.11**	**-**	**44,478.90**

2. 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 Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company 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 Company's strategic planning and budgeting process. Internal control deficiency are reviewed by management and audit committee on periodic basis.

3. Credit risks

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 Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, investments in security Receipts. The carrying amount of following financial assets represent the maximum credit risk exposure:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Receivables	339.51	210.62
Loans	817.27	263.94
Investments Unquoted(FVTPL)	50,545.87	37,931.34
Others financial Asset	49.26	101.30
Total	**51,751.91**	**38,507.20**

NOTE: 45 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	1st April, 2022	Cash flows	Interest	31st March, 2023
Debt Securities	22,045.54	1,829.47	2,950.14	26,825.15
Borrowings (Other than Debt Securities)	4,500.00	4,440.17	1,048.66	9,988.83
Subordinate Liabilities	2,100.00	600.00	-	2,700.00

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

Particulars	1st April, 2021	Cash flows	Interest	31st March, 2022
Debt Securities	28,223.19	(9,156.04)	2,978.39	22,045.54
Borrowings (Other than Debt Securities)	3,401.81	759.55	338.64	4,500.00
Subordinate Liabilities	1,600.00	500.00	-	2,100.00

NOTE: 46 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:

₹ in Lakhs

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Primary geographical market		
India	3,677.42	2,761.44
Total	**3,677.42**	**2,761.44**
Major products/service lines		
Fee Income	3,352.84	2,761.44
Other Fees	324.58	-
Total	**3,677.42**	**2,761.44**
Timing of revenue recognition		
At a point in time	3,677.42	2,761.44
Over a period of time	-	-
Total	**3,677.42**	**2,761.44**

The following table provides information about contract balances:

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Receivables	340.87	211.98

NOTE: 47 LOANS AND ADVANCES TO PROMOTER, DIRECTORS KMPS AND THE RELATED PARTIES

Following is the disclosure for loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act 2013) either severally or jointly with any other person that are without specifying any terms or period of repayment:

Type of Borrower	As at 31st March, 2023		As at 31st March, 2022	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans (% of Total loans)	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans (% of Total Loans)
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Parties	1.77	0.22%	4.38	1.64%
Total	**1.77**	**0.22%**	**4.38**	**1.64%**

NOTE: 48 CODE ON SOCIAL SECURITY

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

NOTE: 49 CONTINGENT LIABILITY

The Company has reviewed its pending litigations and proceedings, and on the basis of the same it has been concluded that there is no contingent liability as at 31st March, 2023 and 31st March, 2022.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

NOTE: 50 CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Nil as at 31st March, 2023 and 31st March, 2022.

NOTE: 51 LONG TERM CONTRACT

The Company doesn't have long term contract including Derivative contract as at 31st March, 2023 and 31st March, 2022.

NOTE: 52 EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements.

NOTE: 53 TRANSACTIONS WITH STRUCK-OFF COMPANIES

The Company has not entered into any transactions with struck-off companies during the year ended 31st March, 2023 and 31st March, 2022.

NOTE: 54 SEGMENT INFORMATION

The Directors of the Company have been identified as the chief operating decision maker (CODM) as defined by Indian Accounting Standard 108 "Operating Segments". The CODM evaluates the Company's performance, allocates resources based on analysis of the various performance indicators of the Company as a single unit.

The principal business of the Company is of "acquistion and managing Securitisation Trust". All other activities of the Company revolve around its principal business. Therefore, directors have concluded that there is only one operating reportable segment as per Indian Accounting Standard 108 "Operating Segments".

NOTE: 55 ADDITIONAL DISCLOSURES AS REQUIRED BY RBI GUIDELINES

(A) Names and addresses of the bank/financial institution from whom the financial assets were acquired and the value at which the assets were acquired from each bank/financial institution by the Trusts:

₹ in Lakhs

Seller wise acquisition details		31st March, 2023	31st March, 2022
Name of selling bank / financial institution	**Address of selling bank / financial institution**	**Acquisition price**	**Acquisition price**
Sponsors			
None	-	-	-
Sub Total (A)			
Non sponsors			
Dewan Housing Finance Limited	Western Express Highway, 19, Sahar Rd, Vile Parle East, Mumbai, Maharashtra 400099	-	15.00
Power Finance Corporation Limited	'Urjanidhi'' 1, Barakhamba Lane, Connaught Place, New Delhi -110001	**75,584.11**	75,584.11

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

₹ in Lakhs

Seller wise acquisition details		31st March, 2023	31st March, 2022
Name of selling bank / financial institution	**Address of selling bank / financial institution**	**Acquisition price**	**Acquisition price**
State Bank of India	Corporate Centre, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai -400021	52,879.17	52,879.17
Rural Electrification Corporation Limited	Core 4, Scope Complex, 7, Lodhi Road, New Delhi -110003	29,761.07	29,761.07
Bank of India	Star House, C-5, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051	17,429.22	17,429.22
Axis Bank Limited	Trishul" - 3rd Floor, Opp. Samartheswar Temple, Near Lawn Garden, Ellisbridge, Ahmedabad -380006	10,647.94	10,647.94
UCO Bank	10, BTM Sarani, Kolkata -700001, West Bengal	9,894.41	9,894.41
Life Insurance Corporation of India	'Yogakshema" 6th Floor, West Wing, Project Section, Investment Department, Nariman Point, Mumbai -400021	7,716.32	7,716.32
Central Bank of India	Chandra Mukhi opposite Oberoi Towers, Nariman Point, Mumbai - 400021, Maharashtra	8,414.85	8,414.85
Canara bank	Nos. 112, J C Road, Bengaluru - 560002	19,516.91	19,516.91
United Bank of India	11, Hemant Basu Sarani, Kolkata - 700001	7,461.31	7,461.31
Syndicate Bank	11 Cross, Gandhi Nagar, Bangalore - 560009, Karnataka	5,905.24	5,905.24
Punjab National Bank	Plot Nos. 4, Sector -10, Dwarka, New Delhi - 110075	32,180.17	32,180.17
Axis Bank Limited	"Trishul" - 3rd Floor, Opp. Samartheswar Temple, Near Lawn Garden, Ellisbridge, Ahmedabad -380006	42,500.00	42,500.00
Bank of Baroda	Baroda Bhavan, R.C. Dutt Road, Alkapuri, Baroda – 390007	13,050.00	13,050.00
Karnataka Bank	Mahaveera Circle, Kankanady, Mangaluru - 575002	3,395.00	3,395.00
Punjab National Bank	Large Corporate Branch, Banjara Hills,Hyderabad - 500034	75,240.00	75,240.00
Union Bank of India	104, Bharat House, Ground Floor, Mumbai Samachar Marg, Fort, Mumbai-400 023.	15,928.00	-
Bank of Baroda	Stressed Assets Management Branch 1st Floor, 17/B Horniman Circle, Fort, Mumbai -400001.	11,560.00	-
Indian Overseas Bank	Asset Recovery Management Branch 5th Floor, Maker Tower-E, Cuffe Parade, Mumbai - 400005	4,457.00	-
Jammu & Kashmir Bank	Impaired Assets Recovery Branch, J&K Bank Ltd. First Floor, Zonal Office Mumbai, National Business Centre, Bandra Kurla Complex, Bandra (East) Mumbai - 400051.	3,239.00	-
Bank of India	Andheri Large Corporate Branch, MDI Building, 1st Floor, 28, SV Road, Andheri West, Mumbai - 400058.	2,910.00	-
ACRE-93 Trust	1504, 15th Floor, B Wing, One BKC, G Block, Bandra Kurla Complex, Mumbai	2,517.00	-
Punjab & Sind Bank	H.O SAMVERT, 4th Floor, 21 Bank House, Rajendra Place, New Delhi-110008.	2,423.00	-
Canara Bank	2nd Floor, Maker Tower 'F', Cuffe Parade, Mumbai 400005.	2,400.00	-
Central Bank of India	SAM Branch, Chandramukhi, Nariman Point, Mumbai- 40021.	2,381.00	-
Life Insurance Corporation of India	Nariman Point, Mumbai	2,186.00	-
State Bank of India	Stressed Asset Management Branch, D No. 3-4-1013/A,1st Floor, Commuter Amenity Center(CAC),TSRTC Bus Station, Kachiguda, Hyderabad-500027.	162,200.00	-
Sub Total (B)		**623,776.72**	**411,590.72**
Total (A + B)		**623,776.72**	**411,590.72**

(B) Dispersion of financial assets acquired industry wise:

₹ in Lakhs

Industry	31st March, 2023		31st March, 2022	
	Acquisition price	% of total assets	Acquisition price	% of total assets
Retail (Housing Loan)	-	0.00%	15.00	0.00%
Infrastructure - Power	573,776.72	91.98%	411,575.72	100.00%
Entertainment	50,000.00	8.02%	-	0.00%
Total	**623,776.72**	**91.98%**	**411,590.72**	**100.00%**

(C) Other additional disclosures:

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Value of financial assets acquired during the financial year	212,201.00	75,240.00
Value of financial asset realized during the financial year	121,744.72	85,650.17
Value of financial assets outstanding for realization at the end of the financial year	295,823.48	205,450.91
Value of security receipts redeemed partially and the security receipts redeemed fully during the financial year	58,572.74	126,245.78
Value of security receipts pending for redemption as at the end of the financial year	293,459.31	181,340.76
Value of security receipts which could not be redeemed as a result of non-realization of financial assets as per the policy formulated by the Company	8.71	-
Value of land and/or building acquired in ordinary course of business of reconstruction of assets	-	-

(D) In terms of the requirements of RBI circular no. DNBS (PD) CC. No. 41/ SCRC / 26.03.001/ 2014-2015, as amended from time to time.

- the Company has not acquired any financial assets (own books or in trusts) where the acquisition value of the assets is more than the Book Value (the value of the assets as declared by the seller bank in the auction) - Nil
- with respect to financial assets acquired (own books or in trusts), the Company has not disposed off assets (either by write off or by realisation) during the year at substantial discount (20% of valuation as on the previous year end) - Nil and
- with respect to financial assets acquired (own books or in trusts), details of assets where the value of the security receipts has declined substantially (20% or more) below the acquisition value - Nil

Notes

forming part of Standalone Financial Statements for the year ended 31st March 2023

NOTE: 56 DISCLOSURE OF TEMPLATE IN NOTES AS PER RBI CIRCULAR DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED MARCH 13, 2020 ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS

₹ In Lakhs

Asset Classification as per RBI Norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per 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	1,164.83	4.65	1,160.18	4.65	-
	Stage 2	-	-	-	-	-
Subtotal		**1,164.83**	**4.65**	**1,160.18**	**4.65**	**-**
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			-		-
Subtotal 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	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**1,164.83**	**4.65**	**1,160.18**	**4.65**	**-**
	Stage 2	**-**	**-**	**-**	**-**	**-**
	Stage 3	**-**	**-**	**-**	**-**	**-**
	Total	**1,164.83**	**4.65**	**1,160.18**	**4.65**	**-**

NOTE: 57 CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility (CSR) doesn't apply to the Company based on the criteria mentioned in Section 135 of the Companies Act 2013 as at 31st March, 2023 and 31st March, 2022.

NOTE: 58 BENAMI PROPERTY UNDER BENAMI TRANSACTIONS (PROHIBITION) ACT, 1988

No proceedings has been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder as at 31st March, 2023 and 31st March, 2022.

NOTE: 59 WILFUL DEFAULTER

The Company is not declared as a wilful defaulter by any bank or financial institution or any other lender as at 31st March, 2023 and 31st March, 2022.

NOTE: 60 UNRECORDED INCOME

The Company does not have any previously unrecorded income which needs to be recorded in the books of accounts for the year ended 31st March, 2023 and 31st March, 2022.

NOTE: 61 MICRO, SMALL AND MEDIUM ENTERPRISES

The company does not have any outstanding dues to Micro, Small and Medium enterprises. As per information available with the company, the Company has made payment to creditors within stipulated period as provided in "Micro, Small and Medium Enterprise Development Act 2006"("the Act"). Hence the company has not provided for any interest payable to small, micro and medium enterprises as per the provisions of the Act and the necessary disclosures as per the Act have not been given.

NOTE: 62

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in parties identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE: 63 PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Independent Auditor's Report

To the members of **Aditya Birla ARC Limited**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Aditya Birla ARC Limited (hereinafter referred to as the "Company" or the "Holding Company") and its Trusts (the Company and its Trusts together to as the "Group") comprising of the consolidated Balance Sheet as at 31st March, 2023 (financial position), the consolidated Statement of Profit and Loss (financial performance) including the statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023 , their consolidated profit including other comprehensive income ,their consolidated cash flows and the 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 (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 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 Matters	How the matter was addressed in our audit
1.	Fair Valuation of financial instruments – Security Receipts (SRs) Holding Company has invested in SRs issued by various trust incorporated by the it for acquisition of distressed credit Business. Depending on the arrangement such Investments are in the range of 100% - 15% of the total SRs issued by the various trust. The said SRs are subsequently measured at Fair Value through Profit and Loss (FVTPL) as per the business model of the Holding Company and considered as level 3 in the valuation hierarchy. Total investment in SRs outstanding as on 31st March, 2023 is ₹ 47,582.65 Lakhs. Holding Company determines the fair value of SRs based on the Net Assets Value (NAV) report provided by the trust. The NAV of the said investment can only be estimated by the trusts using a combination of the recovery range provided by the external rating agency, estimated cash flows, collateral values, discount rate used and various other assumptions. Considering the complexities involved and various assumptions and significant judgements made by the trust in deriving Net Assets Value of such SRs, we have considered the valuation of these investments as a key audit matter. Refer Note No. 11 of standalone financial Statements.	Audit procedures followed: - We have tested the design and effectiveness of internal controls implemented by the management in respect of valuation of the investments including those relating to assessment of recovery plan by Asset Acquisition Committee for determination of appropriate recovery rate based on the range provided by the External Rating Agency. - Assessment of the valuation inputs; i. Analysed reasonableness of the estimated cash flows and recovery rate, the other relevant judgments and estimates, if any; and ii. Assessed the information used to determine the key assumptions; iii. Compared the historical estimates of the cash flows with the actual recoveries and obtained explanations for the variations, if any; iv. Compared the management's assumption of discount rate with the supporting internal/ external evidence; v. Valuation report of collateral values

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone and consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act 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 in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Holding Company's Management and Board of Directors is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities 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 judgment 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 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 Group has adequate internal financial controls with reference to financial statements 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 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 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 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 of which we are independent auditors and whose financial information we have audited 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 included in the consolidated financial statements of which we are the independent auditors.

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 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.

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"/"CARO") issued by the Central Government in terms of section 143(11) of the Act, to be included in the auditor's report, according to the information and explanation given to us and based on the CARO report issued by us for the Holding Company, refer "Annexure 1" of the Independent Auditors report to the standalone financial statements for qualifications and adverse remarks.

   Provisions of CARO are not applicable to the Trusts controlled and consolidated in the consolidated financial statements.

2. As required by Section 143(3) of the Act, 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The requirements of reporting on Internal Financials Controls under Clause (i) of sub-section 143 of the Companies Act, 2013 are not applicable to Trusts controlled by the Holding Company. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our report in Annexure '2' of the standalone financial statements.

(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 Group does not have any pending litigations which would impact its consolidated financial position;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31st March, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2023.

iv. a) The management of the Holding Company has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management of Holding Company has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

v. There were no amounts which were declared or paid during the year as dividend by the Holding Company

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023. The above provision is not applicable to the Trusts controlled and consolidated in the consolidated financial statements.

3. The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March, 2023, since none of the directors of the Company have drawn any managerial remuneration.

For **C N K & Associates LLP**
Chartered Accountants
Firm Registration No: 101961W/W – 100036

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Hiren Shah
Partner
Membership No. 100052

Place: Mumbai
Date: 20th April, 2023
UDIN: 23100052BGVTTE8842

Consolidated Balance Sheet

as at 31st March, 2023

₹ in Lakhs

		Note	As at 31st March, 2023	As at 31st March, 2022
I	ASSETS			
(1)	Financial Assets			
	(a) Cash and Cash Equivalents	7	518.29	248.08
	(b) Bank Balance other than (a) above	8	7,214.61	5,726.36
	(c) Receivables			
	(I) Trade Receivables	9	337.80	210.62
	(d) Loans	10	3,128.22	2,348.52
	(e) Investments			
	- Other Investments	11	48,220.37	35,790.25
	(f) Other Financial Assets	12	49.27	100.77
	Sub-Total		**59,468.56**	**44,424.60**
(2)	Non-Financial Assets			
	(a) Non-Current Tax Assets (Net)		255.26	1,655.46
	(b) Property, Plant and Equipment	13	48.72	46.21
	(c) Other Intangible assets	14	28.46	-
	(d) Right to use of Assets	40	160.51	240.78
	(e) Other non-Financial assets	15	97.91	65.91
	Sub-Total		**590.86**	**2,008.36**
	Total assets		**60,059.42**	**46,432.96**
II	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial Liabilities			
	(a) Payables			
	(I) Trade Payables	16		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		28.91	58.07
	(b) Debt Securities	17	26,825.15	22,045.54
	(c) Borrowings (Other than Debt Securities)	18	9,988.83	4,500.00
	(d) Subordinated Liabilities	19	2,700.00	2,100.00
	(e) Lease Liability	40	186.21	264.31
	(f) Other Financial Liabilities	20	413.26	612.53
	Sub-Total		**40,142.36**	**29,580.45**
(2)	Non Financial Liabilities			
	(a) Provisions	21	60.22	81.19
	(b) Deferred tax liabilities (net)	39	1,117.09	1,127.54
	(c) Other Non Financial Liabilities	22	1,350.74	919.68
	Sub-Total		**2,528.05**	**2,128.41**
(3)	Equity			
	(a) Equity Share capital	23	10,000.00	10,000.00
	(b) Other Equity	24	7,389.01	4,724.10
	Total equity		**17,389.01**	**14,724.10**
	Total Liabilities and Equity		**60,059.42**	**46,432.96**
Significant Accounting Policies		6		

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2023

₹ in Lakhs

	Note	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Revenue from operations			
(a) Fee Income	25	3,331.59	2,727.56
(b) Recovery Incentive	26	324.58	-
(c) Net Gain on Fair Value Changes	27	4,594.82	4,443.34
Total Revenue from Operations		**8,250.99**	**7,170.90**
Other Income	28	379.46	240.56
Total Income		**8,630.45**	**7,411.46**
EXPENSES			
(a) Finance Costs	29	4,014.48	3,337.83
(b) Impairment on Financial Instruments	30	2.59	2.97
(c) Employee benefits expense	31	818.90	1,001.85
(d) Depreciation, amortization and impairment	32	98.94	92.17
(e) Other expenses	33	173.16	144.21
Total Expenses		**5,108.07**	**4,579.03**
Profit Before Tax		**3,522.38**	**2,832.43**
Tax Expenses			
Current Tax		892.69	546.04
Excess Provision for Tax Related to Earlier Years (Net)		-	(10.08)
Deferred Tax		(16.68)	176.63
Total Tax Expenses		**876.01**	**712.59**
Profit after tax		**2,646.37**	**2,119.84**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset (net)		24.77	(10.77)
Income tax relating to items that will not be reclassified to profit and loss		(6.23)	2.71
Other Comprehensive Income for the year		**18.54**	**(8.06)**
Total Comprehensive Income for the year		**2,664.91**	**2,111.78**
Earnings per share :			
Basic- (₹)	34	2.65	2.12
Diluted - (₹)		2.58	2.08
(Face Value of ₹ 10 each)			
Significant Accounting Policies	6		

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
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Mumbai, 20th April, 2023

For and on behalf of the Board of Directors
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DIN-00020429

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Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Statement of Changes in Equity

for the year ended 31st March, 2023

(A) EQUITY SHARE CAPITAL

₹ in Lakhs

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of face value of ₹ 10/- each issued on subscribed and fully paid up				
Balance at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
Changes in Equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
Changes in Equity share capital during the year	-	-	-	-
Balance at the end of the year	**100,000,000**	**10,000.00**	**100,000,000**	**10,000.00**

(B) OTHER EQUITY

₹ in Lakhs

Particulars	Reserve and Surplus	Total Other Equity
Balance as at 1st April, 2021	2,612.32	2,612.32
Changes in accounting policies or prior period errors	-	-
Restated balance as at 1st April, 2021	**2,612.32**	**2,612.32**
Profit for the year	2,119.84	2,119.84
Other Comprehensive loss for the year	(8.06)	(8.06)
Total Comprehensive income	2,111.78	2,111.78
Balance as at 31st March, 2022	**4,724.10**	**4,724.10**
Equity attributable to Shareholders of Company	**4,724.10**	**4,724.10**
Balance as at 1st April, 2022	4,724.10	4,724.10
Changes in accounting policies or prior period errors	-	-
Restated balance as at 1st April, 2022	**4,724.10**	**4,724.10**
Profit for the year	2,646.37	2,646.37
Other Comprehensive income for the year	18.54	18.54
Total Comprehensive income	2,664.91	2,664.91
Balance as at 31st March, 2023	**7,389.01**	**7,389.01**
Equity attributable to Shareholders of Company	**7,389.01**	**7,389.01**

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
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DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Consolidated statement of Cash Flows

for the year ended 31st March, 2023

₹ in Lakhs

Note	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
A	**Cash Flow From Operating Activities**		
	Profit before tax	3,522.38	2,832.43
	Adjustments for :		
	Impairment on Financial Assets	2.59	2.97
	Net gain on Fair value changes on Investment in security receipts	(4,594.82)	(4,443.34)
	Net gain on Fair value changes on Investment in mutual fund units	(2.75)	-
	Interest Income	(288.63)	(233.97)
	Notional interest on Security Deposits	(2.75)	(2.57)
	Profit on sale of Property, Plant and Equipment	(1.14)	-
	Finance Cost	3,998.80	3,317.03
	Notional Interest on Lease	15.68	20.80
	Depreciation and Amortisation	98.94	92.17
	Operating Profit Before Working Capital Changes	**2,748.30**	**1,585.52**
	Adjustments for:		
	Decrease in Loans	1,568.69	1,318.49
	Decrease in Other Financial Assets	54.25	28.53
	Increase in Trade Receivables	(127.18)	(164.99)
	Decrease in Right to use of assets	0.10	-
	(Increase) / Decrease in Other Non-Financial Assets	(32.00)	2.45
	Decrease in Trade Payables	(29.16)	(3.93)
	Increase in Provisions	3.80	34.12
	Decrease in Lease Liability	(0.12)	-
	(Decrease) / Increase in Other Financial Liabilities	(199.27)	281.88
	Increase / (Decrease) in Other Non Financial Liabilities	431.05	(64.17)
	Cash From Operations	**1,670.16**	**1,432.38**
	Income Taxes Paid	507.51	(1,569.80)
	Net Cash Flow From Operating Activities	**4,925.97**	**1,448.10**
B	**Cash Flow from Investing Activities**		
	Addition to Property, Plant and Equipment	(22.28)	(37.16)
	Sale of Property, Plant and Equipment	5.68	-
	Addition to Other Intangible assets	(32.00)	-
	Investment in Redeemable Preference Shares	(3,500.00)	-
	Redemption of Redeemable Preference Shares	3,500.00	-
	Investment in Security Receipts	(24,330.01)	(11,286.00)
	Redemption of Security Receipts	15,334.82	19,571.63
	Interest Received	204.37	52.49
	Purchase of Mutual fund units	(634.97)	-
	Bank Deposits placed during the period	(21,096.00)	(11,694.00)
	Bank Deposits matured during the period	19,692.00	9,264.00
	Net Cash Flow (Used In) / From Investing Activities	**(10,878.39)**	**5,870.96**

Consolidated statement of Cash Flows

for the year ended 31st March, 2023

₹ in Lakhs

Note	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
C	**Cash Flow From Financing Activities**		
	Loans & Advances to Trust	(25,493.38)	(239.70)
	Loans & Advances recovered from Trust	24,940.02	105.60
	Lease Liability - Principal Portion	(77.98)	(68.40)
	Lease Liability - Interest Portion	(15.68)	(20.80)
	Proceeds from Borrowings	22,700.00	7,250.00
	Repayment of Borrowings	(17,200.00)	(6,150.00)
	Proceeds from Debt Securities	14,561.00	6,571.00
	Repayment of Debt Securities	(11,565.00)	(12,441.00)
	Finance Cost on Debt Securities & Borrowings	(2,226.35)	(3,626.49)
	Proceeds from Compulsorily Convertible Preference Shares	600.00	500.00
	Net Cash Flow From / (Used In) Financing Activities	**6,222.63**	**(8,119.79)**
	Net Increase / (Decrease) In Cash and Cash Equivalents	270.21	(800.73)
	Cash And Cash Equivalents (Opening Balance)	248.08	1,048.81
	Cash And Cash Equivalents (Closing Balance)	518.29	248.08

The accompanying Notes are an integral part of the Financial Statements.
In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

1. ABOUT THE GROUP

Aditya Birla ARC Limited (the Company) was incorporated as a public limited company under the provisions of the Companies Act, 2013 on 10th March 2017.

The Company and its Trusts as at 31st March, 2023 are together referred to as "Group". The principal activity of the Group is to carry on the business of securitization and asset reconstruction as defined in section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ('the SARFAESI Act'). The Group acts as a Manager / Trustee for trusts set up for securitization pursuant to the SARFAESI Act. The financial assets are acquired under separate trusts set up for securitization or directly for asset reconstruction.

Reserve Bank of India ('RBI') granted a Certificate of Registration to the Company on 13th March 2018 to carry on business of securitization or asset reconstruction under section 3 of the SARFAESI Act.

The Group recognises its income through Trusteeship and Management Fee, which is recognized on accrual basis in accordance with the terms of the respective trust deed / offer document, wherever applicable.

The financial statements were authorized for issue by the Company's Board of Directors on 20th April, 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis and accrual basis except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainly about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

4. PRESENTATION OF FINANCIAL ESTIMATES

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.
- The event of default.
- The event of insolvency or bankruptcy of the Group and/or its counterparties.

5. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Trusts (hereinafter referred to as "structured entities") as at 31st March, 2023 (together referred to as "Group"). The Group consolidates a structured entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not 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 structured entity begins when the Group obtains control over the structured entity and ceases when the Group loses control of the structured entity. Assets, liabilities, income and expenses of a structured entity acquired 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 structured entity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March.

Consolidation Procedure: -

Structured Entities:

The consolidated financial statements comprise the financial statements of the Company and its structured Entities. Structured Entities are entities controlled by the Group. The Group controls an investee only if, the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

The Group combines the financial statement of the Parent and its structured entities line by line adding together like items. Inter- Group transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets.

Profit or 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 structured entities 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 structured entity, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a structured entity, 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 structured entity and any non-controlling interests. Amounts previously recognised in OCI in relation to the structured entities 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 structured entity 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.

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Revenue from contract with customer

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price.

Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from the following sources:

a. The fee income comprises of Trusteeship and Management Fee. The Group receives management fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. With reference to the Notification on 'Review of Regulatory Framework' issued by RBI dated 11th October, 2022, the management fee for all the new acquisitions post the said notification shall be recovered only from the recoveries from the financial asset of the underlying Trusts. Management fees are calculated and charged as a percentage of the Net Assets Value (NAV) at the lower end of the range of the NAV specified by the Credit Rating Agency.

b. Redemption incentive and recovery incentive is accounted as and when the right to receive the amount is established as per the terms of Trust Deed.

c. Any upside share in excess realisation over acquisition price of security receipts by the Group is recognised at point in time basis as per terms of the relevant trust deed/offer document.

d. The above receipts are recognised as revenue excluding GST.

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 assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For interest income on Fixed Deposit, the Group recognizes it on accrual 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.

6.2 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

Date of Recognition

Financial assets and liabilities, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument

Initial Measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- 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)
- 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 profit or loss. The losses arising from impairment are recognised in the profit or 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 Group recognises interest income, impairment losses & 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 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 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.

De-Recognition of Financial Assets

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire,

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or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 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 an associated liability.

On de-recognition 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 profit or loss on disposal of that financial assets.

On derecognition of a financial asset other than in it's 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 financials asset 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 profit or loss if such gain or loss would have otherwise been recognised in profit or 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.

Impairment of Financial Assets (ECL Policy)

In accordance with IND AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets & credit risk exposure.

The Group assesses at each reporting date whether a financial asset (or a group of financial assets) such as loans and advances held at amortised cost for impairment based on evidence or information that is available without undue cost or effort.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets.

Stage 1: 12-months ECL

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group has assessed that all loans and advances with no default or upto 30 days default would fall under this category.

For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – Significant increase in credit risk

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is calculated on the gross carrying amount of the asset less ECL already provided.

Stage 3: Lifetime ECL – Credit Impaired

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is 'credit-impaired' when a breach of contract such as a default or past due event that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECL provisioning is being done on each reporting date basis probability of default and loss given default on outstanding financial asset.

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 Statement of Profit and Loss. A favorable change for such assets creates an impairment gain.

Trade Receivables

Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 115 are recognized. The Company provides 0.4% ECL on prudential basis on Standard Assets.

Other Financial Assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk. The Company provides 0.4% ECL on prudential basis on Standard Assets.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, debt securities and subordinated liabilities, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair- value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI.

These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity.

All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Financial liabilities and equity instruments

Financial 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.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Loans & Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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Amortized 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 amortization is included as finance costs in the statement of profit and loss

De-recognition of financial liabilities

A financial liability shall be de-recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

6.3 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

The Cash Flow Statement has been prepared under the "Indirect Method " as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash Flows' prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, as amended.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

6.4 Property, Plant & Equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and arrangements arising from exchange rate variations attributable to the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow the entity and the cost can be measured reliably. Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on Tangible Fixed Assets is provided on Straight Line 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 fixed assets, which is in line with the useful life suggested by Schedule III.

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013
Computers (end user computers, Laptops)	3
Office Equipment	5
Furniture & Fixtures	10
Motor Vehicles	6

Useful life of assets estimated by management supported by the Internal Technical assessment.

Asset	Estimated Useful Life
Leasehold Improvements *	3
Motor Vehicles^	4-5

*In case of Leasehold Improvements, Depreciation calculated based on lease period

^ In case of Motor Vehicles, depreciation calculated on basis of its replacement.

Depreciation on the Fixed Assets added/disposed off/ discarded during the year is provided on pro-rata basis with reference to the date of addition/disposal/discarding.

6.5 Intangible Assets and Amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

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 recognized as income or expense in the Statement of Profit and Loss.

Useful life of intangible assets estimated by management is as under:

Asset	Estimated Useful Life
Computer Software	3

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.

Fair Value Measurement

The Group measures financial instruments at fair value 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 the 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 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

6.6 Impairment of Non-Financial Assets

The Group assesses, at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for any asset is required, the Group estimates the assets recoverable amount. An assets recoverable amount is the higher of an assets fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflow that is largely independent of those from other assets or Group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to it recoverable amount.

6.7 Retirement and Other Employee Benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Group, as detailed below:

Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefits from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The Group does not have any legal or constructive obligation to pay further contributions if

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the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligation for contributions to the plan is recognized as an employee benefit expense in the Statement of Profit and Loss when incurred.

Defined Benefit Plans (Gratuity)

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Group.

The Group's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The Group recognizes all re-measurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity. The Group has employees' gratuity fund under Grasim Industries Limited Employees Gratuity Trust managed by the ultimate parent Group.

Short Term Benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensated Absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

The Group recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognises actuarial gains and losses immediately in the Statement of Profit and Loss.

Other Benefits

Few employees transferred from other business of the Aditya Birla Capital Group were eligible under long term incentive plan (the "old LTIP scheme") issued by that business in September 2017. The scheme is for 4 years and pay out under the scheme to employees will be made at end of 4 years, as per option opted by the employees. This is a onetime option, which cannot be changed to the option of early vesting, hence liability has been equally spread over the tenure. The old LTIP scheme is vested during the year for the covered employees and the same was settled.

Further Senior employees of the Company were offered the long term incentive plan (the "new LTIP scheme") effective 1st September, 2022. The scheme is for 3 years and pay out under the new LTIP scheme to employees will be made on an annual basis as per the plan which is under approval. The liability of the new LTIP scheme is recognized based on the valuation report obtained from the actuarial.

6.8 Leases

AS per IND AS 116

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: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes 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 twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes 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 includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized 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.

6.9 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

6.10 Taxes

Current Tax

Current income 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, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which

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applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority and are intended to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realised simultaneously.

In the event of unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised to the extent that it is probable that sufficient future taxable income will be available to realise such assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Current and deferred tax are recognised in Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity respectively.

6.11 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period 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 numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

6.12 Capital Management

The primary objective of the Group's capital management is to maximize 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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

6.13 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

Measurement of Defined Benefit 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.

Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cashflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amount of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Property plant and equipment and investment property

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of the Group's assets at the end of its useful life are estimated by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful life are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Impairment of trade receivables

Trade receivables are the trusts of which Group is a trustee and also holds investments in the trust through Security Receipts. The Group estimates the probability of collection of accounts receivable by analyzing the future cash flow in the trust. If the financial condition of the trust deteriorates, additional allowances may be required.

Fair Value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

ECL on financial asset

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 level of allowances.

The Group ECL calculation are outputs of models with a number of underlying assumptions regarding the choice of variable inputs ad their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates includes:

- Probabilities of Defaults (PDs) the calculations of which includes historical data, assumptions and expectations of future conditions.
- 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 life time expected credit loss model basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Developments of ECL models, including the various formulas and choices of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effects of PDs, exposure at defaults and loss given defaults.

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;

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- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- 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;
- Assessment of whether a right-of-use asset is impaired.

Policy for sales out of amortised cost business model portfolios

Group existing business model focuses on acquisition of financial assets through trusts, with or without participation from external investors. Our existing resolution strategy is to right size the debt and restructure the debt with focus on improvement in operational performance of the acquired financial assets with existing sponsors or strategic investors.

At present Group has no amortised cost business model portfolio, therefore it has not prepared and adopted any such policy.

6.14 Recent Pronouncements:

On 31st March, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from 1st April, 2023.

i. Ind AS 101 - First time adoption of Ind AS – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets.

ii. Ind AS 102 - Share-based Payment – modification relating to adjustment after vesting date to the fair value of equity instruments granted.

iii. Ind AS 103 - Business Combination – modification relating to disclosures to be made in the first financial statements following a business combination.

iv. Ind AS 107 - Financial Instruments Disclosures – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments.

v. Ind AS 109 - Financial Instruments – modification relating to reassessment of embedded derivatives.

vi. Ind AS 1 - Presentation of Financials Statements – modification relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

vii. Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors – modification of definition of 'accounting estimate' and application of changes in accounting estimates.

viii. Ind AS 12 - Income Taxes – modification relating to recognition of deferred tax liabilities and deferred tax assets.

ix. Ind AS 34 - Interim Financial Reporting – modification in interim financial reporting relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

The Group is evaluating the amendments and the expected impact, if any, on the Group's financial statements on application of the amendments for annual reporting periods beginning on or after 1st April, 2023.

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 7 CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Banks		
Current Accounts*	518.29	97.61
Deposit Accounts (with original maturity period of 3 months or less)	-	150.47
	518.29	**248.08**

* Includes amount of ₹ 5.30 lakhs (Previous year: ₹ 4.40 lakhs) held in Escrow Account.

NOTE: 8 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Fixed Deposit Accounts (with original maturity period of more than 3 months)	7,214.61	5,726.36
	7,214.61	**5,726.36**

NOTE: 9 TRADE RECEIVABLES, UNSECURED

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Receivables considered good	339.16	211.47
Less: Expected Credit Loss	(1.36)	(0.85)
	337.80	**210.62**

NOTE: 9.1

Ageing Schedule for Trade Receivable as at 31st March, 2023

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables receivables considered good	339.16	-	-	-	-	339.16
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

Ageing Schedule for Trade Receivable as at 31st March, 2022

₹ in lakhs

Particulars	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
	Outstanding for following periods from due date of payment					
(i) Undisputed Trade Receivables receivables considered good	211.47	-	-	-	-	211.47
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

NOTE: 9.2 RECONCILIATION OF ECL ON TRADE RECEIVABLES

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	0.85	0.18
Add: ECL allowance during the year	0.51	0.67
Closing Balance	**1.36**	**0.85**

NOTE: 9.3

Ageing Schedule for Unrealised Management fee as per RBI Circular DOR.ACC.REC.No. 104/21.07.001/2022-23

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Outstanding amount of unrealised management fee	339.16	211.47
1. Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 percent of the face value	-	-
(b) Other amounts unrealised for:		
(i) More than 180days but upto 1 year	-	-
(ii) More than 1 year but upto 3 years	-	-
(iii) More than 3 years	-	-
Allowances held for unrealised management fee	1.36	0.85
Net unrealised management fee receivable	**337.80**	**210.62**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 10 LOANS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans (Carried at amortised cost) (Refer Note 10.1)	818.78	2357.38
Less: Impairment loss allowance (Refer Note 10.1)	(3.28)	(8.86)
Loans (Carried at fair value through profit or loss) (Refer Note 10.1 and 10.2)	2312.72	-
	3128.22	**2348.52**

NOTE: 10.1

₹ in Lakhs

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
		At Amortised Cost	At Amortised Cost
(A)	(i) Retail (Housing Loan)	-	15.61
	(ii) Term Loan	2,312.72	2,078.97
	(iii) Advances in the nature of loan	818.78	2,357.38
	Total Gross (A)	**3,131.50**	**4,451.96**
	Less: Impairment loss allowance	(3.28)	(8.86)
	Total Net (A)	**3,128.22**	**4,443.10**
(B)	(i) Secured by tangible assets	2,312.72	2,094.58
	(ii) Unsecured	818.78	2,357.38
	Total Gross (B)	**3,131.50**	**4,451.96**
	Less: Impairment loss allowance	(3.28)	(8.86)
	Total Net (B)	**3,128.22**	**4,443.10**
(C)(I)	Loans in India		
	(i) Public Sector	-	-
	(ii) Others	3,131.50	4,451.96
	Total Gross (C)(I)	**3,131.50**	**4,451.96**
	Less: Impairment loss allowance	(3.28)	(8.86)
	Total Net (C)(I)	**3,128.22**	**4,443.10**
(C)(II)	Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total Net (C)(II)	**-**	**-**
	Total (C)(I) and (II)	**3,128.22**	**4,443.10**

NOTE: 10.2

On account of increase in business operations and market developments along with resolution plan with respect to the financial assets acquired, the business model of the Group has undergone a change and accordingly the loans acquired by the Group are classified from 'Amortized cost' to 'Fair value through Profit and Loss' (FVTPL). The said change is effective from 1st April, 2022 and the fair value gain of ₹ 1,789.81 lakhs on such assets held at FVTPL is recognized in profit and loss statement during the year.

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 11 OTHER INVESTMENTS

(Carried at fair value through profit or loss)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Investments in Security Receipts	47,582.65	35,790.25
Investment in Liquid Mutual funds	637.72	-
	48,220.37	**35,790.25**
In India	48,220.37	35,790.25
Outside India	-	-

NOTE: 12 OTHER FINANCIAL ASSETS

(Unsecured, considered good, unless stated otherwise)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Security Deposits (Carried at amortised cost)	45.86	42.07
Interest Accrued	-	1.02
Other Receivable	-	13.63
Other Advance	3.42	44.23
Less: Expected Credit Loss	(0.01)	(0.18)
	49.27	**100.77**

NOTE: 13 PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Computers	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Vehicles	TOTAL
Gross Block						
As at 1st April, 2021	7.72	87.60	12.65	2.29	16.60	126.86
Additions	3.76	-	-	-	33.40	37.16
Deletions	-	-	-	-	-	-
As at 31st March, 2022	**11.48**	**87.60**	**12.65**	**2.29**	**50.00**	**164.02**
Accumulated Depreciation						
As at 1st April, 2021	3.04	87.60	6.16	0.56	8.48	105.84
Depreciation for the year	3.23	-	2.52	0.23	5.99	11.97
Deletions	-	-	-	-	-	-
As at 31st March, 2022	**6.27**	**87.60**	**8.68**	**0.79**	**14.47**	**117.81**
Net Carrying amount as at 31st March, 2022	**5.21**	**-**	**3.97**	**1.50**	**35.53**	**46.21**
Gross Block						
As at 1st April, 2022	11.48	87.60	12.65	2.29	50.00	164.02
Additions	-	-	4.25	-	18.03	22.28
Deletions	-	-	-	-	(16.62)	(16.62)

₹ in Lakhs

Particulars	Computers	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Vehicles	TOTAL
As at 31st March, 2023	**11.48**	**87.60**	**16.90**	**2.29**	**51.41**	**169.68**
Accumulated Depreciation						
As at 1st April, 2022	6.27	87.60	8.68	0.79	14.47	117.81
Depreciation for the year	3.20	-	2.55	0.23	9.25	15.23
Deletions	-	-	-	-	(12.08)	(12.08)
As at 31st March, 2023	**9.47**	**87.60**	**11.23**	**1.02**	**11.64**	**120.96**
Net Carrying amount as at 31st March, 2023	**2.01**	**-**	**5.67**	**1.27**	**39.77**	**48.72**

NOTE: 14 OTHER INTANGIBLE ASSETS

₹ in Lakhs

Particulars	Software License	TOTAL
Gross Block		
As at 1st April, 2021	-	-
Additions	-	-
Deletions	-	-
As at 31st March, 2022	**-**	**-**
Accumulated Amortization		
As at 1st April, 2021	-	-
Amortization for the year	-	-
Deletions	-	-
As at 31st March, 2022	**-**	**-**
Net Carrying amount as at 31st March, 2022	**-**	**-**
Gross Block		
As at 1st April, 2022	-	-
Additions	32.00	32.00
Deletions	-	-
As at 31st March, 2023	**32.00**	**32.00**
Accumulated Amortization		
As at 1st April, 2022	-	-
Amortization for the year	3.54	3.54
Deletions	-	-
As at 31st March, 2023	**3.54**	**3.54**
Net Carrying amount as at 31st March, 2023	**28.46**	**28.46**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 15 OTHER NON-FINANCIAL ASSETS

(Unsecured, considered good, unless stated otherwise)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Dues Recievable from Government - GST	15.13	24.48
Advance to Vendor	12.76	10.39
Prepaid expenses	6.21	6.64
Gratuity Plan Assets	63.81	24.40
	97.91	**65.91**

NOTE: 16

Ageing Schedule for Trade Payables as at 31st March, 2023

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	17.26	11.65	-	-	-	28.91
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	**17.26**	**11.65**	**-**	**-**	**-**	**28.91**

Ageing Schedule for Trade Payables as at 31st March, 2022

₹ in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		-	-	-	-	-
(ii) Others	23.14	10.97	23.96	-	-	58.07
(iii) Disputed Dues - MSME		-	-	-	-	-
(iv) Disputed Dues - Others		-	-	-	-	-
Total	**23.14**	**10.97**	**23.96**	**-**	**-**	**58.07**

NOTE: 17 DEBT SECURITIES

(Secured, carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Non Convertible Debentures (Refer Note 17.1)	21,537.24	22,045.54
Market Linked Debentures (Refer Note 17.2)	5,287.91	-
	26,825.15	**22,045.54**
In India	26,825.15	22,045.54
Outside India	-	-

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE 17.1:

Following is the repayment terms of Non Convertible Debentures.

Repayment clause	Coupon rate	Maturity period
Repayment is linked to the receipt of distribution amount from redemption of Security Receipts (SR), against which the debentures are issued.	11.50%	8 years

Notes:

1. Security over the SR distributions, debt service trust accounts and all rights, title, benefit and interest in the debt service trust account.
2. Company is also required to create pledge on SRs issued, however no pledge created on SRs till date. Further Company has executed a Non Disposal Undertaking in favour of Debenture Trustee. Subject to applicable law, as and when the Debenture Trustee instructs the Company to create pledge,Company will create the pledge.

NOTE 17.2:

Following is the repayment terms of Market Linked Debentures.

Repayment clause	Maturity period	Security Details
The Redemption Premium/ coupon payable with respect to the Debentures is linked to performance of Underlying/ Reference Index.	18 months with Call Option available after 13 months	'The Company has pledged and hypothecated 3,18,750 Security Receipts (SRs) of 'ABARC-AST-006-TRUST SECUIRTY RECEIPT CLASS A 29SEP20' and 1,59,375 SRs of 'ABARC-AST-006-TRUST SECUIRTY RECEIPT CLASS B 29SEP20' having NAV of ₹ 1,313.55/- and ₹ 1,104.67/- respectively. The security cover for the MLDs issued by the Company has been maintained as per the terms of the Information Memorandum and Debenture Trust Deed and is sufficient to discharge principal amount and interest thereon.

Redemption Premium/Coupon rate

Scenario	Redemption Premium/Coupon
If Final Fixing Level is >= 50% of the Initial Fixing Level	8% XIRR (Annualized yield)
If Final Fixing Level is < 50% of the Initial Fixing Level	NIL

NOTE: 18 BORROWINGS (OTHER THAN DEBT SECURITIES)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Term Loans (Carried at amortised cost)		
(i) From Banks (Secured)	6,989.55	-
(ii) From Related parties (Unsecured)	-	4,500.00
Loans repayable on demand		
(i) From Banks (Secured)	2,999.28	-
	9,988.83	**4,500.00**
In India	9,988.83	4,500.00
Outside India	-	-

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

Following is the repayment terms of the Bank Borrowings outstanding as at 31st March, 2023

Type of Bank Loan	Repayment clause	Interest rate	Security Details
Term Loan	In 36 months commencing from the date of disbursal of the Facility or any part thereof by way of 8 equal quarterly instalments of ₹ 875 lakhs each or such other amount that the Bank may from time to time fix, to the intent that the entire Facility together with interest, additional interest, cost and other expenses shall be repaid within the expiry of the aforesaid period.	MCLR for 3 months tenor + Spread 1.67%	Primary - Pledge of Security Receipts (SRs). Collateral - (i) Letter of Comfort from the Holding Company; (ii) Charge on on Cash flows from all unencumbered SRs including pledged SRs mentioned above (excluding cashflows and security receipts already charged to other creditors).
Working Capital Demand Loan	In lump/by way of bullet payment on or before 26th June, 2023.	MCLR for 3 months tenor + Spread 1.17%	

Following is the repayment terms of the outstanding loans taken from related party as at 31st March, 2022

Repayment clause	Interest rate	Maturity period
Repayable anytime within 12 months from the date of disbursement. Interest payable at the end of each quarter of calender year.	9.30%	12 months or on call

NOTE: 19 SUBORDINATE LIABILITIES

(Carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Compulsorily Convertible Preference Shares	2,700.00	2,100.00
	2,700.00	**2,100.00**
In India	2,700.00	2,100.00
Outside India	-	-

Notes:

1. 0.01% Compulsorily Convertible Preference Shares ('CCPS') on a non-cumulative basis.
2. To be compulsorily converted into equity shares of ₹ 10/- each at higher of
   (a) Fair Market value determined as on the date of conversion or
   (b) ₹ 10/- per equity share (being the face value of equity shares).
3. The date of allotment and the tenor of the outstanding CCPS of ₹ 2,700/- lakhs and ₹ 2,100/- lakhs as at 31st Mar'23 and 31st Mar'22 respectively is as mentioned in the below table:

Date of allotment	Tenor	CCPS Amount (₹ in Lakhs)
20-02-2018	20 Years	800.00
29-10-2018	20 Years	300.00
31-03-2020	10 Years	500.00
21-06-2021	10 Years	500.00
24-06-2022	10 Years	600.00

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 20 OTHER FINANCIAL LIABILITIES

(Carried at amortised cost)

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Accrued salaries and benefits	413.26	612.53
	413.26	**612.53**

NOTE: 21 PROVISIONS

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for Employee Benefits		
Provision for Leave encashment	17.74	24.85
Provision for Gratuity	42.48	56.34
	60.22	**81.19**

NOTE: 22 OTHER NON FINANCIAL LIABILITIES

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unearned Revenue	1,193.02	813.76
Statutory Dues	157.72	105.92
	1,350.74	**919.68**

NOTE: 23 SHARE CAPITAL

₹ in Lakhs

Particulars	Numbers	As at 31st March, 2023	Numbers	As at 31st March, 2022
Authorised:				
Equity Shares of ₹ 10/- each	150,000,000	15,000.00	130,000,000	13,000.00
	150,000,000	**15,000.00**	**130,000,000**	**13,000.00**
Issued:				
Equity Share Capital				
Equity Shares of ₹ 10/- each	100,000,000	10,000.00	100,000,000	10,000.00
	100,000,000	**10,000.00**	**100,000,000**	**10,000.00**
Subscribed and Paid-up:				
Equity Share Capital				
Equity Shares of ₹ 10/- each, fully paid-up	100,000,000	10,000.00	100,000,000	10,000.00
	100,000,000	**10,000.00**	**100,000,000**	**10,000.00**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

1) Reconciliation of the number of shares authorized at the beginning and at the end of the year

₹ in Lakhs

Sr. No.	Description	As at 31st March, 2023		As at 31st March, 2022	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	130,000,000	13,000.00	130,000,000	13,000.00
2	Add increased during the year	20,000,000	2,000.00	-	-
3	No. of Shares Outstanding at the end of the year	150,000,000	15,000.00	130,000,000	13,000.00

2) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

₹ in Lakhs

Sr. No.	Description	As at 31st March, 2023		As at 31st March, 2022	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	100,000,000	10,000.00	100,000,000	10,000.00
2	Add increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	100,000,000	10,000.00	100,000,000	10,000.00

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, after distribution to all preferential holders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

Terms of any securities convertible into equity shares

For the terms of compulsarily convertible preference shares, refer note 19 on Subordinated Liabilities

Shares held by holding / ultimate holding Company and / or their subsidiaries / associates

Out of equity shares issued by the company, shares held by its holding company, ultimate company and their subsidiaries / associates are as below:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Amount (₹)	Amount (₹)
Parent - Aditya Birla Capital Limited		
9,99,99,940 equity shares	999,999,400	999,999,400

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2023	As at 31st March, 2022
Parent - Aditya Birla Capital Limited (in numbers)	99,999,940	99,999,940
% of shareholding	99.99%	99.99%

Shares held by promoters

Out of equity shares issued by the company, shares held by promoters are as below:

Sr. No	Promoters Name	Shares held by promoters as at 31st March, 2023		% Change during the year
		No. of Shares	% of total shares	
1	No. of Shares Outstanding at the end of the year	99,999,940	99.99%	-

Sr. No	Promoters Name	Shares held by promoters as at 31st March, 2022		% Change during the year
		No. of Shares	% of total shares	
1	Aditya Birla Capital Limited	99,999,940	99.99%	-

NOTE: 24 OTHER EQUITY

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Retained Earnings*		
Opening Balance	4,724.10	2,612.32
Addition:		
Profit for the Year	2,646.37	2,119.84
Other Comprehensive income / (loss) for the year	18.54	(8.06)
Closing Balance	**7,389.01**	**4,724.10**
Total Other Equity	**7,389.01**	**4,724.10**

* Retained Earning comprises of Surplus in Profit & Loss Account of the Company

NOTE: 25 FEE INCOME

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Trusteeship and Management Fees	3,254.33	2,727.56
Debt Restructuring fee	77.26	-
	3,331.59	**2,727.56**

NOTE: 26 RECOVERY INCENTIVE

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Recovery Incentive	324.58	-
	324.58	**-**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 27 NET GAIN ON FAIR VALUE CHANGES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Net gain / (loss) on financial asset at fair value through profit or loss	4,594.82	4,443.34
	4,594.82	**4,443.34**
Fair Value changes :		
Realised	8,056.66	824.04
Unrealised	(3,461.84)	3,619.30
	4,594.82	**4,443.34**

NOTE: 28 OTHER INCOME

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Profit on sale of Property, plant and equipments	1.14	-
Interest on deposits with Banks		
On Financial Assets carried at amortised cost	288.63	233.97
Interest on Others		
On Financial Assets carried at amortised cost	2.75	4.03
Interest on tax refunds	84.19	2.56
Net gain / (loss) on financial instruments at fair value through profit or loss		
On Mutual Fund units	2.75	-
	379.46	**240.56**
Fair Value changes on Mutual Fund units:		
Realised	-	-
Unrealised	2.75	-
	2.75	**-**

NOTE: 29 FINANCE COST

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Interest on Financial Liabilities carried at amortised cost		
Debt securities	2,950.14	2,978.39
Borrowing other than Debt securities	1,048.66	338.64
Finance Cost - Lease Liability	15.68	20.80
	4,014.48	**3,337.83**

NOTE: 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
On Trade Receivables	0.52	0.66
On Loans	-	2.03
On Other Financial Assets held at Amortised Cost	2.07	0.28
	2.59	**2.97**

NOTE: 31 EMPLOYEE BENEFITS EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Salaries and Wages	753.09	961.77
Contribution to provident and other funds (Refer Note no 37)	38.99	32.18
Staff Welfare Expenses	26.82	7.90
	818.90	**1,001.85**

NOTE: 32 DEPRECIATION AND AMORTIZATION EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Depreciation of Property, plant and equipment	15.23	11.97
Amortization of other Intangible assets	3.54	-
Amortisation on Lease Assets	80.17	80.20
	98.94	**92.17**

NOTE: 33 OTHER EXPENSES

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Rent	0.85	0.47
Repairs & Maintenance - Others	16.62	14.58
Insurance	0.95	0.68
Rates & Taxes	22.91	0.48
Legal & Professional Expenses (Refer Note 33.1)	70.80	69.15
Travelling & Conveyance	1.03	3.73
Printing and Stationery	0.82	0.53
Communication Expenses	0.26	0.17
Electricity Charges	2.84	2.42
Information Technology Expenses	20.17	18.63
Director Sitting Fees	12.90	14.30
Recruitment Charges	10.46	2.04
Miscellaneous Expenses	12.55	17.03
Total	**173.16**	**144.21**

Notes

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NOTE: 33.1 INCLUDES AUDITORS REMUNERATION

₹ in Lakhs

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Audit Fees*	7.49	6.21
Tax Audit Fees	1.65	1.50
Other Certification Fees	1.25	0.50
	10.39	8.21

*Includes ₹ 2.35 lakhs pertaining to erstwhile auditors during the previous year.

NOTE: 34 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 33 EARNINGS PER SHARE

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Earnings per Share (EPS) is calculated as under:		
Weighted-average Number of Equity Shares for calculation of Basic EPS	1,000.00	1,000.00
Weighted-average number of Equity Shares for calculation of Diluted EPS	1,025.62	1,019.89
Nominal Value of Shares (₹)	10.00	10.00
Profit attributable to equity holders of the Parent:		
Continuing Operations	2,646.37	2,119.84
Basic EPS (₹)	2.65	2.12
Diluted EPS (₹)	2.58	2.08

Dilutive shares for computation of Earnings per share pertain to 27,00,000 (Previous year: 21,00,000) 0.01% compulsorily convertible preference shares.

NOTE: 35 DISCLOSURE IN RESPECT OF RELATED PARTY PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24: (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITOR)

a. List of Related Parties:

A Holding Company

Aditya Birla Capital Limited (ABCL) (Formerly known as Aditya Birla Financial Services Limited)

B Directors and Key Management Personnel

Ajay Srinivasan- Director (upto 25th July, 2022)

Tushar Shah- Director

Pinky Mehta - Director

Vishakha Mulye - Director (wef 18nd August, 2022)

Sharadkumar Bhatia - Independent Director

Sanjay Jain - Chief Executive Officer

Sandeep Somani - Chief Financial Officer

Sethurathnam Ravi - Independent Director

C Fellow Subsidiary

Aditya Birla Finance Limited

Aditya Birla Money Limited

Aditya Birla Sunlife Insurance Company Limited

Aditya Birla Stressed Asset AMC Private Limited

Aditya Birla Financial Shared Services Limited

Aditya Birla Wellness Private Limited

Aditya Birla Insurance Brokers Limited

Grasim Industries Limited -Employee Gratuity Trust Fund

D Associate of Holding Company

Aditya Birla Sun Life AMC Limited

b. Transactions and Balances with related parties for the year ended 31st March, 2023 and 31st March, 2022

₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
A	**Holding Company**		
1	**Transactions during the year ***		
	Aditya Birla Capital Limited (Issue of Compulsorily Convertible Preference Shares)	600.00	500.00
	Aditya Birla Capital Limited (ICD taken)	10,200.00	7,250.00
	Aditya Birla Capital Limited (ICD redeemed)	14,700.00	2,750.00
	Aditya Birla Capital Limited (ICD interest)	206.29	296.09
2	**Balance Outstanding**		
	Aditya Birla Capital Limited (Equity Shares)	10,000.00	10,000.00
	Aditya Birla Capital Limited (CCPS)	1,600.00	1,000.00
	Aditya Birla Capital Limited (ICD)	-	4,500.00
	Aditya Birla Capital Limited (Other - Payables)	3.67	2.36
B	**Directors and Key Management Personnel**		
1	**Transactions during the year ***		
	Sanjay Jain (Remuneration)^	137.67	190.42
	Sandeep Somani (Remuneration)^	46.28	54.95
	Sharadkumar Bhatia (Sitting Fees)	6.80	7.85
	Sethurathnam Ravi (Sitting Fees)	6.10	6.45
C	**Fellow Subsidiaries**		
1	**Transactions during the year***		
i	**Expenses Reimbursement**		
	Aditya Birla Finance Limited (Employee offsite cost)	10.02	-
	Aditya Birla Finance Limited (Software License Expense)	-	0.21
	Aditya Birla Stressed Asset AMC Private Limited (Payroll Expense)	201.67	87.76
	Aditya Birla Money Limited (Insurance expense against employee transfer)	-	0.02

Notes

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₹ in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
ii	**Expense Recovery**		
	Aditya Birla Stressed Asset AMC Private Limited (Insurance expense)	1.13	1.23
	Aditya Birla Stressed Asset AMC Private Limited (Professional expense)	0.05	0.06
	Aditya Birla Finance Limited (Employee LTIP expense)	39.48	-
	Aditya Birla Money Limited (Payroll expense)	0.99	-
iii	**Expenses**		
	Aditya Birla Financial Shared Services Ltd (Professional Expense)	-	0.59
	Aditya Birla Insurance Brokers Limited (Professional Expense)	0.85	-
	Aditya Birla Money Limited (Custodian fees)	2.26	1.01
	Aditya Birla Wellness Private Limited (Staff Welfare Expense)**	0.11	0.00
	Aditya Birla Sun Life Insurance Company Limited (Insurance expense)	0.96	2.00
iv	**Others**		
	Aditya Birla Finance Limited (Purchase of Asset)	0.65	-
	Aditya Birla Money Limited (Addition in liability against employee transfer)	-	13.65
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	31.89	2.46
v	**Advance for Expenses**		
	Aditya Birla Sun Life Insurance Company Limited (Insurance premium deposit)	0.60	0.48
2	**Balance Outstanding**		
i	**Receivable**		
	Aditya Birla Money Limited	-	13.63
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	63.81	24.40
ii	**Payable**		
	Aditya Birla Insurance Brokers Limited	0.93	-
	Aditya Birla Stressed Asset AMC Private Limited	4.75	5.37
D	**Associate of Holding Company**		
1	**Transactions during the year***		
i	**Expenses**		
	Aditya Birla Sun Life AMC Ltd (ICD interest)	81.08	-
ii	**Others**		
	Aditya Birla Sun Life AMC Ltd (ICD taken)	2,500.00	-
	Aditya Birla Sun Life AMC Ltd (ICD redeemed)	2,500.00	-

* All amounts are exclusive of GST
** Figures rounded off to the nearest thousand
^ Variable Pay & Retirement Benefits are not included

Note: The Company has obtained a letter of comfort from Aditya Birla Capital Limited for ₹ 15,000 lakhs against the funds borrowed from the bank and the Market Linked debentures issued during the year.

NOTE: 36 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.

₹ in Lakhs

Particulars	31st March, 2023			31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	518.29	-	518.29	248.08	-	248.08
Bank Balance other than above	519.01	6,695.60	7,214.61	2,585.18	3,141.18	5,726.36
Trade receivables	337.80	-	337.80	210.62	-	210.62
Loans	815.50	2,312.72	3,128.22	519.55	1,828.97	2,348.52
Investments	36,786.20	11,434.17	48,220.37	20,331.28	15,458.97	35,790.25
Other financial assets	7.63	41.64	49.27	61.88	38.89	100.77
Non-financial Assets						
Current tax asset	-	255.26	255.26	-	1,655.46	1,655.46
Property, plant and equipment	-	48.72	48.72	-	46.21	46.21
Other intangible assets	-	28.46	28.46			-
Right to use of Assets	-	160.51	160.51	-	240.78	240.78
Other non financial assets	97.91	-	97.91	65.91	-	65.91
Total assets	**39,082.34**	**20,977.08**	**60,059.42**	**24,022.50**	**22,410.46**	**46,432.96**
Liabilities						
Financial Liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	28.91	-	28.91	58.07	-	58.07
Debt Securities	9,683.24	17,141.91	26,825.15	12,823.85	9,221.69	22,045.54
Borrowings (Other than Debt Securities)	5,619.60	4,369.23	9,988.83	4,500.00	-	4,500.00
Subordinate Liabilities	-	2,700.00	2,700.00	-	2,100.00	2,100.00
Lease Liabilities	95.20	91.01	186.21	90.67	173.64	264.31
Other Financial liabilities	306.49	106.77	413.26	612.53	-	612.53
Non-financial Liabilities						
Provisions	45.51	14.71	60.22	59.28	21.91	81.19
Deferred tax liabilities (net)	-	1,117.09	1,117.09	-	1,127.54	1,127.54
Other non-financial liabilities	1,350.74	-	1,350.74	919.68	-	919.68
Equity						
Equity Share Capital	-	10,000.00	10,000.00	-	10,000.00	10,000.00
Other Equity	-	7,389.01	7,389.01	-	4,724.10	4,724.10
Total Liabilities	**17,129.69**	**42,929.73**	**60,059.42**	**19,064.08**	**27,368.88**	**46,432.96**
Net			-			-

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NOTE: 37 EMPLOYEE BENEFIT DISCLOSURES

Defined Contribution Plan

The amounts charged to the Statement of Profit and Loss during the year for Provident fund contribution aggregates to ₹ 24.15 lakhs (31st March, 2022 – ₹ 22.60 lakhs).

Defined Benefit Plan

General Description of the plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year 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 favorable as compared to the obligation under Payment of Gratuity Act, 1972.

Nature of Benefits:

The Company 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 Company.

Inherent Risks:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company 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.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the balance sheet for the gratuity plan of the Company.

Amounts recognized in the Balance sheet in respect of Gratuity

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Opening Defined Benefit Obligations	56.34	21.98
Current Service Cost	11.48	9.44
Interest Cost	3.91	1.24
Acturial changes arising from changes in demographic assumptions	(6.12)	13.56
Acturial changes arising from changes in financial assumptions	(1.45)	(3.28)
Acturial changes arising from changes in experience assumptions	(11.37)	1.80
Add: Benefits paid including transfer in/out	(10.31)	11.60
Present value of defined benefit obligation	42.48	56.34

Changes in Fair Value of Plan Assets

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Opening Fair Value of the Plan Assets	24.39	19.52
Interest Income on the Plan Assets	1.69	1.10
Employers Contribution	31.89	2.46
Return on Plan Assets	5.83	1.31
Closing Fair Value of the Plan Assets	63.80	24.39

Notes

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Amounts recognized in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
In Statement of Profit and Loss	11.48	9.44
Interest on net defined benefit liability/(assets)	2.22	0.14
Total Expenses Recognized for the period	13.70	9.58

Other Comprehensive Income:

₹ in Lakhs

Particulars	31st March, 2023	31st March, 2022
Actuarial (gains)/ losses		
Actual Return on Plan Assets excluding amount recognised in net interest expense	(5.83)	(1.31)
Actuarial changes arises from change		
- Demographic Assumptions	(6.12)	13.56
- Financial Assumptions	(1.45)	(3.28)
- Experience Variance	(11.37)	1.80
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in OCI	(24.77)	10.77

b) Maturity Profile of Defined Benefit Obligation

₹ in Lakhs

Weighted average duration (based on discounted cashflows)	6 years
Expected cash flows over the next (valued on undiscounted basis):	
1 years	4.77
2 to 5 years	19.00
6 to 10 years	27.47
More than 10 years	22.42

c) Expected Contribution during the next annual reporting period

The company's best estimate of contribution during the next year

d) Funding Arrangements and Funding Policy

The Scheme is on funded basis.

e) Principal Actuarial Financial Assumptions

Particulars	31st March, 2023	31st March, 2022
Discount Rate (per anumn)	7.30%	6.95%
Salary Growth Rate (per anumn)	10%	10%
Decrement adjusted remaining working life (yrs)	5.83	8.31

The discount rate indicated above reflects the estimated timing and currency of benefit payments.It is based on the yields / rates available on applicable bonds as on the current valuation date.

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The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

f) Demographic Assumptions

Particulars	31st March, 2023	31st March, 2022
Mortality Rate	100% of IALM 2012-24	100% of IALM 2012-24
Normal retirement age	60 yrs	60 yrs
Attrition/Withdrawal rate (per anumn)	15%	10%

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

g) Major Categories of Plan Assets (as a percentage of Total Plan Assets)

Particulars	31st March, 2023	31st March, 2022
Government of India Securities	3.04%	5.79%
State Govt. Securities	3.94%	4.84%
High Quality Corporate Bonds	0.64%	0.80%
Fund Managed by Insurers	41.06%	36.92%
Other Investments	51.32%	51.64%
Total	**100.00%**	**100.00%**

Sensitivity Analysis

₹ in Lakhs

Particulars	31st March, 2023		31st March, 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 0.5%)	43.86	41.16	59.18	53.70
(% change compared to base due to sensitivity)	3.30%	-3.10%	5.00%	-4.70%
Salary Growth (-/+ 0.5%)	41.19	43.83	53.75	59.09
(% change compared to base due to sensitivity)	-3.00%	3.20%	-4.60%	4.90%
Attrition Rate (-/+ 50%)	53.47	37.60	74.18	47.70
(% change compared to base due to sensitivity)	25.90%	-11.50%	31.70%	-15.30%
Mortality Rate (-/+ 10%)	42.43	42.52	56.30	56.38
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

Sensitivity Analysis Method

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTE: 38 TAXATION APPROACH

The Company has opted to pay income tax u/s 115BAA of Income Tax Act, 1961 from F.Y: 2019-20 in order to pay tax at the lower rate.

NOTE: 39 INCOME TAX DISCLOSURE

Current tax for the year of ₹ 892.69 lakhs (31st March, 2022 - ₹ 546.04 lakhs).

The major components of income tax expense for the years ended

Statement of profit and loss:

Profit or loss Section	31-Mar-23	31-Mar-22
Current tax	892.69	546.04
Excess Provision for Tax Related to Earlier Years (Net)	-	(10.08)
Deferred tax	(16.68)	176.63
Income tax expense reported in the statement of profit or loss	**876.01**	**712.59**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for years ended

	31-Mar-23	31-Mar-22
A) Income before income tax	3,522.38	2,832.43
B) Enacted tax rate in India	25.17%	25.17%
C) Expected Tax Expense (A*B)	886.51	712.92
D) Short/(Excess) Provision for Tax Related to Earlier Years (Net)	-	(10.08)
E) Other Adjustments	(10.50)	9.75
Income tax expense reported in the statement of profit and loss	876.01	712.59

Deferred tax:

Deferred tax relates to the following:

Balance Sheet	31-Mar-23	31-Mar-22
Deferred tax Liabilities		
Marked to Market Value of Investment	1,352.80	2,241.01
Subtotal A	**1,352.80**	**2,241.01**
Deferred tax Assets		
Leave Encashment	(4.46)	(6.25)
Difference in WDV between Companies Act and Income Tax Act	(15.14)	(15.29)
Temporary differences due to Lease accounting as per Ind AS 116	(12.66)	(12.11)
Impact of IND AS 116 on Reserve	(1.46)	(1.46)
Employee LTIP provision	(26.87)	(78.94)
ECL provisions	(0.84)	(1.34)
Securitization Income as per Income Tax Act	(174.27)	(998.08)
Subtotal B	**(235.71)**	**(1,113.47)**
Net deferred tax liabilities	**1,117.09**	**1,127.54**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

Reflected in the balance sheet as follows:	31-Mar-23	31-Mar-22
Deferred tax assets	(235.71)	(1,113.47)
Deferred tax liabilities	1,352.80	2,241.01
Deferred tax (assets)/liabilities (net)	**1,117.09**	**1,127.54**

Reconciliation of deferred tax liabilities (net)	31-Mar-23	31-Mar-22
Opening balance as of 1st April	**1,127.54**	**953.62**
Tax expense during the period recognised in profit and loss	(16.68)	176.63
Tax (income)/expense during the period recognised in OCI	6.23	(2.71)
Closing balance as at 31st March	**1,117.09**	**1,127.54**

NOTE: 40 LEASES

Following are the changes in the carrying value of right of use assets:

Particulars	Category of ROU Asset Leasehold premises	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance as at 1st April	**240.78**	**321.09**
Additions	-	-
Modification to lease terms	-	-
Deletions	-	-
Depreciation	(80.17)	(80.20)
Other adjustment	(0.10)	(0.11)
Balance as at 31st March	**160.51**	**240.78**

Amounts recognised in profit and loss

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation expense on right-of-use assets	80.17	80.20
Interest expense on lease liabilities	15.68	20.80

The following is the break-up of current and non-current lease liabilities:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Current Lease Liabilities	95.20	90.67
Non-Current Lease Liabilities	91.01	173.64
Total	**186.21**	**264.31**

The following is the movement in lease liabilities during the year:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance as at 1st April	**264.31**	**332.81**
Additions	-	-
Modification to lease terms	-	-
Finance Cost accrued during the period	15.68	20.80
Deletions	-	-
Variable lease payment adjustments	(0.12)	(0.10)
Payment of Lease Liabilities	(93.66)	(89.20)
Balance as at 31st March	**186.21**	**264.31**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Less than one year		93.66
One to Five years		-
More than Five years		-
Total	**-**	**93.66**

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.

NOTE: 41 FAIR VALUE

The following table provides the comparison of carrying value and fair value of the Company's Financial Assets and Liabilities as at 31st March, 2023 & 31st March, 2022.

As at 31st March, 2023

₹ in Lakhs

	Carrying Value	Fair Value
Financial Assets		
Trade Receivables	337.80	337.80
Loans	3,128.22	3,128.22
Investments Unquoted(FVTPL)	48,220.37	48,220.37
Others financial Asset	49.27	49.27
Total	**51,735.66**	**51,735.66**
Financial Liabilities		
Trade payables	28.91	28.91
Debt Securities	26,825.15	26,825.15
Borrowings (Other than Debt Securities)	9,988.83	9,988.83
Compulsorily Convertible Preference Shares	2,700.00	2,700.00
Lease liabilities	186.21	186.21
Others financial liabilities	413.26	413.26
Total	**40,142.36**	**40,142.36**

Notes

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As at 31st March, 2022

₹ in Lakhs

	Carrying Value	Fair Value
Financial Assets		
Trade Reeceivables	210.62	210.62
Loans	2,348.52	2,348.52
Investments Unquoted(FVTPL)	35,790.25	35,790.25
Others financial Asset	100.77	100.77
Total	**38,450.16**	**38,450.16**
Financial Liabilities		
Trade payables	58.07	58.07
Debt Securities	22,045.54	22,045.54
Borrowings (Other than Debt Securities)	4,500.00	4,500.00
Compulsorily Convertible Preference Shares	2,100.00	2,100.00
Lease liabilities	264.31	264.31
Others financial liabilities	612.53	612.53
Total	**29,580.45**	**29,580.45**

The fair value of the financial assets and liabilities is 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.

NOTE: 42 FAIR VALUE HIERARCHY

Following table provides the fair value measurement hierarchy of the Company's assets and liabilities as on 31st March, 2023 & 31st March, 2022

As at 31st March, 2023

₹ in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2*	Level 3
Investments Unquoted (FVTPL)	31-03-2023	48,220.37	-	637.72	47,582.65
Loans (FVTPL)	31-03-2023	2,312.72	-	-	2,312.72

Financial Assets & Financial Liabilities not measured at fair value, including their levels in the fair value heirarchy are presented below.

₹ in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivables	31-03-2023	337.80	-	-	337.80
Loans	31-03-2023	815.50	-	-	815.50
Others financial Asset	31-03-2023	49.27	-	-	49.27
Financial Liabilities					
Trade payables	31-03-2023	28.91	-	-	28.91
Debt Securities	31-03-2023	26,825.15	-	-	26,825.15
Borrowings (Other than Debt Securities)	31-03-2023	9,988.83	-	-	9,988.83
Compulsorily Convertible Preference Shares	31-03-2023	2,700.00	-	-	2,700.00
Lease liabilities	31-03-2023	186.21	-	-	186.21
Others financial liabilities	31-03-2023	413.26	-	-	413.26

As at 31st March, 2022

₹ in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2	Level 3
Investments Unquoted (FVTPL)	31-03-2022	35,790.25	-	-	35,790.25

Financial Assets & Financial Liabilities not measured at fair value, including their levels in the fair value heirarchy are presented below.

₹ in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivables	31-03-2022	210.62	-	-	210.62
Loans	31-03-2022	2,348.52	-	-	2,348.52
Others financial Asset	31-03-2022	100.77	-	-	100.77
Financial Liabilities					
Trade payables	31-03-2022	58.07	-	-	58.07
Debt Securities	31-03-2022	22,045.54	-	-	22,045.54
Borrowings (Other than Debt Securities)	31-03-2022	4,500.00	-	-	4,500.00
Compulsorily Convertible Preference Shares	31-03-2022	2,100.00	-	-	2,100.00
Lease liabilities	31-03-2022	264.31	-	-	264.31
Others financial liabilities	31-03-2022	612.53	-	-	612.53

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. This means that fair values are determined in whole or in part 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, that is, to estimate an exit price.

* Level 2 Investment is Fair value of investment in Mutual Funds as per NAV declared on these units.

There have been no transfers between levels during the year ended 31st March, 2023 and year ended 31st March, 2022.

Movement in Level 3 Financial Instruments measured at Fair Value

₹ in Lakhs

Financial Assets	Investments Unquoted (in SRs)	
Particulars	As at 31st March, 2023	As at 31st March, 2022
As at beginning of the year	**35,790.25**	39,632.54
Transferred assets from Amortized Cost to FVTPL	**2,086.77**	-
Investments	**24,330.01**	11,286.00
Redemptions/write offs	**(8,849.82)**	(18,747.59)
Gains for the year recognised in profit or loss	**(3,461.84)**	3,619.30
At at end of the year	**49,895.37**	35,790.25
Unrealised gains related to balances held at the end of the year	**(3,461.84)**	3,619.30

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

Unobservable inputs used in measuring fair value categorised within Level 3

₹ in Lakhs

Type of Financial Instruments	Fair Value of Asset as on 31st March, 2023	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	47,582.65	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates
Loans (FVTPL)	2,312.72	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates

₹ in Lakhs

Type of Financial Instruments	Fair Value of Asset as on 31st March, 2022	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	35,790.25	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates

* Expected Gross Recoveries are pertaining to the overall assets under management of the Company. The cash attributable to the Company's share in expected gross recoveries will be dependant on the Company's investment share and terms of the SR subscribed.

Qualitative analysis of significant unobservable inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spread are added to the benchmark rate when discounting the future expected cash flows. Hence these spreads reduce the net present value of an asset or increase the value of liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quaity of the asset. They can be implied from the underlying deal documents and are usually unobservable for illiquid or complex instruments.

Cash Flow

Expected Cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, manner of resolution and other economic drivers.

The manner of resolution is determined based on financial position and negotiaitions with counterparty.

NOTE: 43 RISK MANAGEMENT FRAMEWORK

a. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

b. Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The primary source of capital used by the Company is equity including CCPS, Debt Securities.

Available capital resources:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Compulsorily Convertible Preferences shares	2,700.00	2,100.00
Debt Securities	26,825.15	22,045.54
Borrowings (Other than Debt Securities)	9,988.83	4,500.00
Total Equity	10,000.00	10,000.00
Total Capital	**49,513.98**	**38,645.54**

c. Regulatory framework

Regulators are interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

Financial risks

1. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, preference shares. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company manages its liquidity risk through temporary funding from its holding Company and availing bank overdraft as and when require.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ in Lakhs

Year ended 31st March, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	11.65	17.26	-	-	28.91
Debt Securities*	-	211.10	9,472.14	17,141.91	-	26,825.15
Borrowings (Other than Debt Securities)	2,999.28	(1.16)	2,621.48	4,369.23	-	9,988.83
Compulsorily Convertible Preference Shares	-	-	-	-	2,700.00	2,700.00
Lease Liabilities	-	21.67	73.53	91.01	-	186.21
Other financial liabilities	-	306.49	-	106.77	-	413.26
	2,999.28	**549.75**	**12,184.41**	**21,708.92**	**2,700.00**	**40,142.36**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

₹ in Lakhs

Year ended 31st March, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	34.93	23.14	-	-	58.07
Debt Securities*	-	1,556.33	11,267.52	9,221.69	-	22,045.54
Borrowings (Other than Debt Securities)	-	-	4,500.00	-	-	4,500.00
Compulsorily Convertible Preference Shares	-	-	-	-	2,100.00	2,100.00
Lease Liabilities	-	19.11	71.56	186.23	-	276.90
Other financial liabilities	-	7.89	604.64	-	-	612.53
	-	**1,618.26**	**16,466.86**	**9,407.92**	**2,100.00**	**29,593.04**

* Term of Debt Securities is 8 years, repayment is dependent on distribution from Security Receipts which may stretch more than 5 years.

The table below summarises the maturity profile of the Company's financial Assets based on contractual undiscounted payments.

₹ in Lakhs

Year ended 31st March, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	518.29	-	-	-	-	518.29
Fixed Deposit Accounts	-	-	519.01	6,695.60	-	7,214.61
Trade Receivables	-	337.80	-	-	-	337.80
Loans	-	-	815.50	2,312.72	-	3,128.22
Investments	-	221.92	36,564.28	11,434.18	-	48,220.37
Other Financial Assets	-	-	7.63	41.64	-	49.27
	518.29	**559.72**	**37,906.42**	**20,484.14**	**-**	**59,468.56**

₹ in Lakhs

Year ended 31st March, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	97.61	150.47	-	-	-	248.08
Fixed Deposit Accounts	-	110.41	2,474.77	3,141.18	-	5,726.36
Trade Receivables	-	210.62	-	-	-	210.62
Loans	-	57.80	461.75	1,828.97	-	2,348.52
Investments	-	1,715.98	18,615.31	15,458.96	-	35,790.25
Other Financial Assets	-	14.65	47.23	38.89	-	100.77
	97.61	**2,259.93**	**21,599.06**	**20,468.00**	**-**	**44,424.60**

2. 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 Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company 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 Company's strategic planning and budgeting process. Internal control deficiency are reviewed by management and audit committee on periodic basis.

3. Credit risks

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 Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, investments in security Receipts. The carrying amount of following financial assets represent the maximum credit risk exposure:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Receivables	337.80	210.62
Loans	3,128.22	2,348.52
Investments Unquoted(FVTPL)	48,220.37	35,790.25
Others financial Asset	49.27	100.77
Total	**51,735.66**	**38,450.16**

NOTE: 44 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	1st April, 2022	Cash flows	Interest	31st March, 2023
Debt Securities	22,045.54	1,829.47	2,950.14	26,825.15
Borrowings (Other than Debt Securities)	4,500.00	4,440.17	1,048.66	9,988.83
Subordinate Liabilities	2,100.00	600.00	-	2,700.00

Particulars	1st April, 2021	Cash flows	Interest	31st March, 2022
Debt Securities	28,223.19	(9,156.04)	2,978.39	22,045.54
Borrowings (Other than Debt Securities)	3,401.81	759.55	338.64	4,500.00
Subordinate Liabilities	1,600.00	500.00	-	2,100.00

NOTE: 45 CREDIT QUALITY OF ASSETS FOR LOANS:

Credit Quality of Assets

Following table that sets out the information about the Credit Quality of Financial Assets measured at amortized cost through profit and loss

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans measured at fair value through profit or loss	**Purchased or Originated as Credit impaired (POCI)**	**Purchased or Originated as Credit impaired (POCI)**
Individually impaired	-	3,416.70
Total	**-**	**3,416.70**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

Gross carrying amount reconciliation

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans measured at fair value through profit or loss	Purchased or Originated as Credit impaired (POCI)	Purchased or Originated as Credit impaired (POCI)
Gross carrying amount opening balance	2,094.58	3,416.70
Assets transferred to FVTPL model	(2,094.58)	-
New Assets purchased	-	-
Interest income during the year	-	-
Less: Written off	-	(3.05)
Less: Recovery	-	(1,319.07)
Gross Carrying amount closing balance	**-**	**2,094.58**

Reconciliation of ECL Balances

₹ in Lakhs

	As at 31st March, 2023	As at 31st March, 2022
Particulars	Purchased or Originated as Credit impaired (POCI)	Purchased or Originated as Credit impaired (POCI)
ECL allowance opening balance	7.81	8.83
Assets transferred to FVTPL model	(7.81)	-
ECL provision for the year		(1.02)
ECL allowance closing balance	**-**	**7.81**

Collateral Held and concentration of Credit Risk

Collateral Held

The company holds collateral and other credit enhancements against certain of its credit exposures. The following table set out the collateral held:

Instrument Type	Percentage of exposure		Principal type of collateral held
	As at 31st March, 2023	As at 31st March, 2022	
Loan to Borrower	-	100%	Movable and Immovable properties

Quantitative information of collateral -

Loan to Value (LTV) range - 75% to 100%

NOTE: 46 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The company has concluded that the Assets Reconstruction trust in which it invests, but that it does not consolidate meet the definition of structured entities because –

- The voting rights in the company are not dominant rights in deciding who controls them because the right relate to administrative tasks only.
- Each Trust activities are restricted by trust deed.
- Insufficient equity to permit the structured entity to finance its activities without substantial financial support, and
- The trust have well defined objective to provide recovery activities to investors.

The following table describes the type of structured entities that the company does not consolidate but in which it holds an interest-

Type of Structures Entity	Nature and Purpose	Interest Held by the Company	As of 31st March, 2023		As of 31st March, 2022	
		Investment in Security Receipts	SRs issued by Trust	SRs subscribed by Company	SRs issued by Trust	SRs subscribed by Company
Asset Reconstruction Trust	To acquire stressed assets for the purpose of carrying on the activity of securitization and assets reconstruction	Acting as trustee to the Trusts	57,038,072	8,555,711	40,818,072	6,122,711

The following table sets out an analysis of the carrying amount of interest held by company in unconsolidated structure entities. The maximum exposure to loss in carrying amount of the asset held is as below:

₹ In Lakhs

Carrying Amount	As at 31st March, 2023	As at 31st March, 2022
Investment in SR	47,582.65	35,790.25
Advance to Trusts	818.78	262.80
Reimbursement from Trusts	3.42	44.23
Fees Receivable	**339.16**	**211.47**

NOTE: 47 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:

₹ in Lakhs

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Primary geographical market		
India	3,656.17	2,727.56
Total	**3,656.17**	**2,727.56**
Major products/service lines		
Fee Income	3,331.59	2,727.56
Other Fees	324.58	-
Total	**3,656.17**	**2,727.56**
Timing of revenue recognition		
At a point in time	3,656.17	2,727.56
Over a period of time	-	-
Total	**3,656.17**	**2,727.56**

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

The following table provides information about contract balances:

₹ in Lakhs

Particulars	As at 31st March, 2023	As at 31st March, 2022
Receivables	339.16	211.47

NOTE: 48 CODE ON SOCIAL SECURITY

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

NOTE: 49 CONTINGENT LIABILITY

The Group has reviewed its pending litigations and proceedings and on the basis of the same, it has been concluded that there is no contingent liability as at 31st March, 2023 and 31st March, 2022.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

NOTE: 50 CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Nil as at 31st March, 2023 and 31st March, 2022.

NOTE: 51 LONG TERM CONTRACT

The Group doesn't have long term contract including Derivative contract as at 31st March, 2023 and 31st March, 2022.

NOTE: 52 EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements.

NOTE: 53 TRANSACTIONS WITH STRUCK-OFF COMPANIES

The Group has not entered into any transactions with struck-off companies during the year ended 31st March, 2023 and 31st March, 2022.

NOTE: 54 SEGMENT INFORMATION

The Directors of the Company have been identified as the chief operating decision maker (CODM) as defined by Indian Accounting Standard 108 "Operating Segments". The CODM evaluates the Company's performance, allocates resources based on analysis of the various performance indicators of the Company as a single unit. The principal business of the Company is of "acquistion and managing Securitisation Trust". All other activities of the Company revolve around its principal business. Therefore, directors have concluded that there is only one operating reportable segment as per Indian Accounting Standard 108 "Operating Segments".

NOTE: 55 CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility (CSR) doesn't apply to the Group based on the criteria mentioned in Section 135 of the Companies Act 2013 as at 31st March, 2023 and 31st March, 2022.

Notes

forming part of Consolidated Financial Statements for the year ended 31st March 2023

NOTE: 56 BENAMI PROPERTY UNDER BENAMI TRANSACTIONS (PROHIBITION) ACT, 1988 2

No proceedings has been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder as at 31st March, 2023 and 31st March, 2022.

NOTE: 57 WILFUL DEFAULTER

The Group is not declared as a wilful defaulter by any bank or financial institution or any other lender as at 31st March, 2023 and 31st March, 2022.

NOTE: 58 UNRECORDED INCOME

The Group does not have any previously unrecorded income which needs to be recorded in the books of accounts for the year ended 31st March, 2023 and 31st March, 2022.

NOTE: 59 MICRO, SMALL AND MEDIUM ENTERPRISES

The company does not have any outstanding dues to Micro, Small and Medium enterprises. As per information available with the company, the Company has made payment to creditors within stipulated period as provided in "Micro, Small and Medium Enterprise Development Act 2006"("the Act"). Hence the company has not provided for any interest payable to small, micro and medium enterprises as per the provisions of the Act and the necessary disclosures as per the Act have not been given.

NOTE: 60

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in parties identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any parties (Funding Party) with the understanding that the Group shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE: 61 PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

In terms of our report of even date attached

For **CNK & Associates LLP**
ICAI Firm Registration No.:- 101961W/W-100036
Chartered Accountants

Hiren Shah
Partner
Membership No. 100052

Mumbai, 20th April, 2023

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

Tushar Shah
Director
DIN-00239762

Pinky Mehta
Director
DIN-00020429

Sandeep Somani
Chief Financial Officer

Sanjay Jain
Chief Executive Officer

Hiral Sidhpura
Company Secretary

Mumbai, 20th April, 2023