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 2021-22

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Ajay Srinivasan
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

COMMITTEES OF THE BOARD

AUDIT

Mr. Sethurathnam Ravi (Chairman)
Mr. Ajay Srinivasan
Mr. Sharadkumar Bhatia

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

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

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

CORPORATE OFFICE

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841, Senapati Bapat Marg,
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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 **Fifth** Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2022 ("***financial year under review***").

FINANCIAL SUMMARY AND HIGHLIGHTS

Your Company's financial performance for the financial year ended March 31, 2022 as compared to the previous Financial Year ended March 31, 2021 is summarised below:

Particulars	**Standalone (₹ in crore)**		**Consolidated (₹ in crore)**	
	2021-22	**2020-21**	**2021-22**	**2020-21**
Revenue from Operations	72.05	74.37	71.71	74.41
Other Income	2.40	2.72	2.41	2.73
Total Income	**74.45**	**77.09**	**74.12**	**77.14**
Total Expenses	45.65	45.00	45.79	45.06
Profit / (Loss) before tax	28.80	32.09	28.32	32.08
Tax / Deferred Tax	7.13	8.08	7.13	8.08
Profit / (Loss) after tax	**21.67**	**24.01**	**21.20**	**24.00**
Earnings per share (In ₹) Basic Diluted	 2.17 2.12	 2.40 2.36	 2.12 2.08	 2.40 2.36

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 2021-22, which include the Financial Statements of two 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, 2022 are as under:

- Consolidated Revenue: ₹ 71.71 crore (declined 3.63% year on year)
- Consolidated Net Profit: ₹ 21.20 crore (declined 11.66% 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

<u>Impact on the Business Continuity of the Company amidst the spread of COVID-19</u>

The outbreak of COVID-19 pandemic continued during the financial 2021-22 with the second wave and third wave during the financial year under review.

The Company continued its operations under its respective Business Continuity Plan (BCP) and implemented a business normalization plan thereby mitigating the business impact. While following COVID-19 protocol as mandated by the Government, the Company gave utmost importance to the health and well-being of its employees and continued the operations in business continuity mode using technology and digital tools at all functional levels.

Vaccination was identified as a key component in the fight against COVID-19 pandemic. To safeguard the health of the employees and their families, the Company also embarked on a vaccination drive for them and extended complete care and assistance at all levels during the pandemic.

Towards the end of the year, COVID-19 infections started ebbing and conditions started normalizing resulting in resumption of normal business operations by the Company in line with staggered relaxations notified by the Government. The details of BCP with reference to COVID-19 are covered comprehensively under the Business Continuity section.

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, National Stock Exchange of India Limited and Luxembourg Stock Exchange.

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.

SHARE CAPITAL

Your Company's paid-up Equity Share Capital as on March 31, 2022 was ₹ 100 crore and paid-up Preference Share Capital as on that date was ₹ 21 crore.

During the financial year under review:

- the Company issued and allotted 500,000 Compulsory Convertible Preference Shares (CCPS) at par for cash to Aditya Birla Capital Limited on preferential basis. The aforesaid CCPS were allotted on 21st June, 2021. At the end of the term, 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
Date of Issue	28th September, 2021
Date of Allotment	28th September, 2021
Type of Issue	Private placement
Number of NCDs, issue price and amount raised	6,571 NCDs of ₹ 1,00,000/- each aggregating to ₹ 65,71,00,000/-
Number of NCDs Redeemed during the year	None
Number of NCDs as at 31st March, 2022	6,571
Maturity date	29th September, 2029
Coupon rate	11.5%

DEPOSITORY

As on March 31, 2022, out of the Company's total Equity paid-up share capital comprising of 100,000,000 Equity shares, 99,999,940 Equity shares were held in dematerialized mode. Further, all the Company's paid-up Preference share capital and Non-Convertible Debentures were held in dematerialized mode.

RESOURCE MOBILISATION

During the year, the Company mobilised funds aggregating to ₹ 72.5 crore by way of Inter-corporate deposits out of which ₹ 45 crore remained outstanding as on March 31, 2022.

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.

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 OUTGO

There were no foreign exchange earnings or outgo 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.

EMPLOYEE STOCK OPTION PLAN

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

Aditya Birla Capital Limited, your holding company had formulated "**Aditya Birla Capital Limited Employee Stock Option Scheme 2017**" ("Scheme 2017") for the employees of the Company and its Subsidiaries including your Company.

The shareholders of ABCL, vide their resolution passed on July 19, 2017 had also extended the benefits and coverage of the Scheme 2017 to the employees of its Subsidiary Companies.

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 defense":

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

Second is: Risk Oversight of Operating Functions;

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

Business Continuity

ABCL has a well-documented Business Continuity Management Programme which has been designed to ensure continuity of critical processes during any disruption.

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

The Business Continuity Plan was also supplemented with a Business Normalisation plan. This enabled the Company to resume Business Operations wherever the conditions had normalised. As the COVID-19 pandemic continues to evolve, the efforts will be to support an effective return to work while ensuring safety of employees, investors, stakeholders, etc.

The world seems to be moving beyond Pandemic now and the offices of the Company have resumed normal business operations. However, there is still an element of uncertainty from different Covid variants emerging globally. We continue to monitor the situation and will act in best interest of our stakeholders in case of any eventuality.

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.

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

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. 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, 2022, 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, 2022 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, 2022, the Board of your Company comprised of Five Directors which included Three Non-Executive Directors and Two Independent Directors. All Directors are liable to retire by rotation except Independent Directors.

During the year under review there was no appointment or resignation of any Director.

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, Mrs. Pinky Mehta (DIN: 00002029), Non-Executive Director, retires from the Board by rotation this year and being eligible, offers herself for re-appointment at the 5th AGM.

A detailed profile of Mrs. Mehta is provided in the Notice of the 5th 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, Mr. Rajesh Gandhi resigned from the office as Company Secretary of the Company with effect from July 1, 2021 and Ms. Hiral Sidhpura replaced him as Company Secretary on the same day.

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 and individual Directors. 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, Committees and Chairman of the Board.

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 and individual Directors 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.

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, 2021, June 10, 2021, July 13, 2021, October 19, 2021 and January 12, 2022.

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 Chairpersons 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.

All the Members of the Audit Committee are financially literate. Moreover, the Chairperson and Members of the Audit Committee have accounting or related financial management expertise. The Audit Committee of the Board comprises of three Directors out of which two are Independent Directors.

During the financial year under review, the Audit Committee met four times and its meetings were held on April 21, 2021, July 13, 2021, October 19, 2021 and January 12, 2022.

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 Nomination and Remuneration Committee comprises of three Directors out of which two are Independent Directors.

During the financial year under review, the Nomination and Remuneration Committee met two times on April 21, 2021 and June 10, 2021.

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 four times and its meetings were held on April 29, 2021, June 19, 2021, August 26, 2021 and February 28, 2022.

Finance Committee

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 once on September 20, 2021.

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 28, 2022 without the presence of the Non-Independent Directors and the Members of the Management. The Meeting was attended by both the Independent Directors.

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, explanatory notes and any other document required to be placed at the meeting, are circulated to the directors / committee members in electronic form.

Pursuant to the spread of Covid-19 pandemic all the Board and Committee meetings were held via audio-visual mode on Microsoft teams application during the financial year under review.

ANNUAL RETURN

As your Company does not have any website, no web address or link has been provided to access Company's Annual Return for the financial year ended March 31, 2022 pursuant to Section 134(3)(a) of the Act. However, the Annual Return in Form MGT-7 shall be filed with the Registrar of Companies, Maharashtra within the prescribed time limit pursuant to Section 92(4) of the Act.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

Pursuant to the guidelines issued by Reserve Bank of India dated April 27, 2021, on appointment of Statutory Auditors of Commercial banks, UCBs and NBFCs (including HFCs) and further clarification issued on August 27, 2021, there is a limit on number of audits that a statutory auditor's firm or its associate entity can do for NBFCs viz., not more than 8 NBFCs including ARCs. Accordingly, the statutory auditor M/s S. R. Batliboi & Co. LLP (ICAI Firm Registration No. 301003E / E300005), Chartered Accountants, expressed their inability to continue as Statutory Auditors of your Company after September 2021 review and resigned vide resignation letter dated October 19, 2021.

In view of above, due to casual vacancy, during the financial year under review, in terms of provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended, M/s CNK & Associates LLP (Firm Membership no.: 101961 W/ W-100036) Chartered Accountants, Mumbai has been appointed as Statutory Auditors of the Company for a term of one year i.e. from the conclusion of the extra-ordinary general meeting held on October 22, 2021 till the conclusion of the 5th Annual General meeting to be held in 2022 and subsequently will be re-appointed for another period of 2 (Two) years from the conclusion of 5th AGM till conclusion of 7th AGM to be held in 2024.

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 I 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.

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 11 employees as on March 31, 2022 which was the same as on March 31, 2021.

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 continued to give prominence to identifying and developing our high potential employees and have steered towards more holistic, comprehensive and future oriented development interventions for them.

Employee Wellness and Engagement

Your Company's endeavour to provide a happy, vibrant and engaging work environment continued this year. It welcomed employees back to work and significant attention was given to help them restart and settle comfortably through support mechanisms and flexibility.

Your Company is also reinforcing the importance of health and wellbeing through wellness programs and initiatives. It continued to support the employees and their family members through medical infrastructure support and assistance programs during Wave 2 and 3 of COVID.

Learning

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

An AI enabled learning app provides employees easy access to super personalized content that meets their unique individual requirements.

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).

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

Date: 21st April, 2022
Place: Mumbai

Tushar Shah	**Pinky Mehta**
Director	**Director**
[DIN: 00239762]	**[DIN: 00020429]**

Management Discussion & Analysis

OVERVIEW OF ECONOMY

2021 turned out to be the mirror image of growth compared to 2020 with growth rebounding from 2020 pandemic lows across the world. World economy rebounded sharply in 2021 to 5.9% after hitting the lowest level since World War 2 in 2020 at -3.2% y-y. The sharp uptick was on the back of continued ultra-accommodative monetary policy, impact of strong fiscal response to the pandemic and gradual normalization of economic activities from extreme Covid restrictions on the back of availability of vaccines and focus shifting to live with Covid.

After a 6.6 per cent contraction in FY 2020-21, the Indian economy rebounded to 8.9 per cent in FY 2021-22 as per the second advance estimates released by the NSO. The strong Delta wave in the beginning of the fiscal had a significant negative impact on growth in the first half of the fiscal. While economy has shown steady recovery from 2Q FY22 onwards, it has largely been a K shaped recovery with informal and contact intensive sectors lagging, and industry and agriculture doing much better. The Omicron wave in early 2022 also impacted growth, although to a much lesser extent than the Delta wave.

Falling infections, rapid vaccination coverage and quick normalisation of mobility have facilitated the recovery in economic activity over the last year. Rural demand has remained resilient while urban demand has also recovered with pent-up demand supporting the recovery in contact-intensive sectors. Private final consumption expenditure and consumption sentiment survey have been weak. However, recovery has moved much further in industrial sector, construction and exports.

Inflation also rose in India like in much of the world, but largely remained within the RBI tolerance band. Higher inflation in India has largely been due to high commodity prices and global supply disruptions. After remaining ultra-accommodative and giving preference to growth over inflation, high inflation has finally resulted in pivot by RBI which now gives more importance to inflation over growth, although remaining accommodative.

The Union Budget for FY 2022-23 was focused on growth revival, budgeting for an aggressive capex spending while setting a fiscal deficit target at an elevated level of 6.4% of GDP. Consequently, government borrowing remains elevated. High inflation, hawkish RBI, sharp increase in bond yields and the large borrowing program have caused interest rates in India to rise significantly.

Exports and Imports both jumped sharply in FY22 as high oil prices, demand for gold and strong global growth supported both imports and exports. India's trade deficit rose from $102.63bn in FY 2020-21 to $192.24 bn in FY 2021-22 and CAD is also expected to have widened to 1.5% of GDP from 0.9% of GDP surplus in FY21. Going forward, oil prices will be the most important variable for the Indian economy as the same impacts India's GDP growth, inflation as well as BOP dynamics.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian banking sector has emerged stronger out of the Covid-19 crisis mainly due to strong corporate performance in past two years and various relief & liquidity measures undertaken by RBI. Major relief measures included moratorium to borrowers from Mar'20 and one-time restructuring scheme for Covid-19 related stressed accounts. RBI's liquidity measures resulted in lower interest rates and ample liquidity in the system which helped borrowers to tide through Covid related disruptions. GNPAs in the Indian banking system reduced from 8.2% as of Mar'20 to 7.3% as of Mar'21 and further declined to 6.9% as of Sep'21. Per CRISIL, the GNPA level is expected to come down further to 6.5% by March 22.

Owing to removal of stay on NPA classification by Supreme Court and to reduction in Covid related restrictions and return to normalcy, Indian distressed asset market in FY22 witnessed increased activity as compared to FY21. Banks showcased accounts with dues in excess of Rs.50,000 Cr for sale as against Rs.35,000 Cr in FY21. ARC industry witnessed consummation of deals worth Rs.12,000Cr in FY22 which is 20% higher than FY21.

During the year, the Reserve Bank of India (RBI) set up a Committee under chairmanship of Mr. Sudarshan Sen, a former Executive Director at RBI, to undertake a comprehensive review of ARCs. The Committee submitted its report in Nov'21 and some of the key recommendations are listed below:

a) ARC's minimum investment to be reduced from 15% to 15% of lenders' investment or 2.5% of total investment, whichever is higher;

b) Allowing ARCs to sponsor AIF which can be used as an additional vehicle to facilitate restructuring / meaningful revival of borrower;

c) Allowing ARCs to act as resolution applicants under IBC either through SR trust or through AIF sponsored by them;

d) List of eligible QIBs subscribing to SRs to be expanded to include HNIs (minimum investment of Rs.1 Cr), Corporates, Trusts, Family offices, etc;

e) If 66% lenders by value decide to accept ARC's offer, the same will be binding on other lenders; 100% provisioning for dissenting lenders who fail to comply with this requirement;

f) ARCs be permitted to acquire assets from all Regulated entities like Mutual funds, Insurance Companies, AIF, FPI etc.

The recommendations made by the Committee are under RBI's consideration. It is widely expected that the above recommendations, if implemented, will allow ARCs to play a bigger role in the stressed assets space and provide a fillip to the ARC industry.

During the year, National Asset Reconstruction Company Limited ("**NARCL**") was set up with State Bank of India, Canara Bank and other PSU banks as its key shareholders. Simultaneously, India Debt Resolution Company Limited ("**IDRCL**") was set up to undertake resolution of the assets acquired by NARCL. NARCL and IDRCL commenced their operations during the year. The Central Government approved guarantee of Rs.30,600 Cr for 85% SRs to be issued by NARCL. As per the initial estimates, Rs.2 lakh Cr worth of stressed loans are expected to be transferred to NARCL in phases. It is expected that transfer of loans to NARCL will expedite early resolution of assets and will help players like us to avoid challenges associated with debt aggregation.

In Sep'21, RBI issued Master Directions for transfer of stressed and non-stressed exposures which are applicable to Banks, NBFCs, HFCs, Financial Institutions (SIDBI, NABARD, etc.), Small Finance Banks, Co-operative Banks and Regional Rural Banks. Some of the key guidelines are given below:

a) Banks are allowed to transfer fraud accounts to ARCs;

b) Transfer of stressed loans to regulated entities in addition to ARCs permitted if transfer is as per Resolution for Stressed Asset under June 2019 RBI Guidelines and results in exit for all the lenders;

c) Pursuant to this, SEBI has created a new sub-category for special situation funds under Category I AIFs. Such AIFs are allowed to acquire stressed assets from banks.

The directions issued by RBI are aimed at creating a robust secondary market for loan transfers and to increase securitization of loans.

OPPORTUNITIES AND THREATS FOR THE COMPANY

The Government of India has consistently tried to improve the debt resolution framework in India.

Operationalization of Bad Bank will increase the size of NPA market in India. Problems of debt aggregation and resulting delays in resolution process are expected to reduce significantly leading to better value realization on resolution. While NARCL can be a direct competitor for your Company, it can also be a source for new investments as one of the important resolution measures will be transfer of loans to other ARCs. Unlike dealing with multiple lenders, NARCL will be a single point of contact for acquiring assets of interest. These will in turn attract interest of strategic players providing more depth to the NPA resolution market. Interest from such market participants offer good opportunities of collaboration for players like your Company.

RBI's master directions for transfer of loan exposures allows direct transfer of NPAs to permitted entities other than ARCs. While such moves may seem to have a direct impact on your Company's business, however, it is worthwhile to note that ARCs will remain relevant given the inherent advantages that the ARCs enjoy like coverage under SARFAESI Act, stamp-duty and taxation benefit amongst others. Further, if the recommendations of ARC Committee set up by RBI, are accepted, it will provide a significant push to the ARC industry as will reduce their capital requirements significantly and enable ARCs to act as Resolution applicants.

FINANCIAL AND OPERATING PERFORMANCE

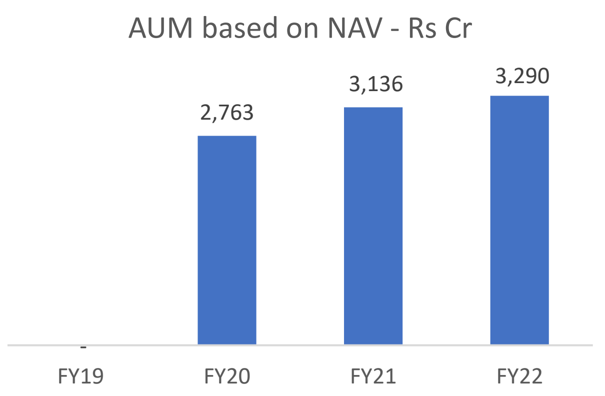
The Company started its operations in second half of the financial year 2019. The Company follows a differentiated business model with a view to provide complete solutions to its customers. Towards this, we work very closely with our customers, be it strategic investors or existing sponsor, for improvement 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 poll of funds to us for investment in stressed assets.

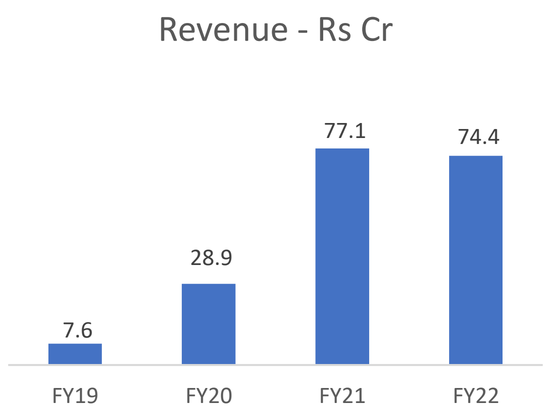
The Company has been focusing on acquisition of large corporate assets with visibility of operational and financial turnaround. Towards this, the Company maintains strong relationships with banks and financial consultants and keeps exploring various business opportunities for acquisition of financial assets and resolutions of the same in a very transparent manner to all stakeholders meeting all regulatory requirements. During the year, we acquired one asset with total outstanding of Rs. 2,434 Cr for an acquisition price of Rs. 752 Cr. The Company has acquired total debt of over Rs 14,400 Cr from the banks for acquisition price of Rs 4,300 Cr across 9 trusts since inception till date. The outstanding AUM based on NAV at the yearend is Rs 3300 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 current year, the Company has recovered Rs 1250 cr from the borrowers. The AUM based on NAV has increased from Rs ~3100cr to Rs ~3300cr from FY21 to FY22.

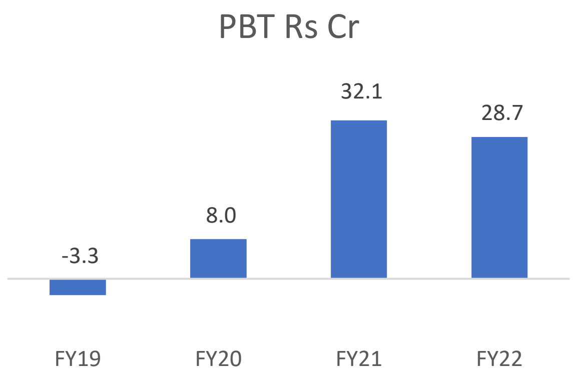
The Company has delivered good financial performance from very first year of its operations. The revenue from operations of the Company comprises of two components i.e., i) Trust Management fees and ii) investment income on its share of investment in stressed assets. The revenue of the Company for the year was Rs 74 cr and has shown a compounded annual growth rate of 30% from FY 2020 to FY2022.

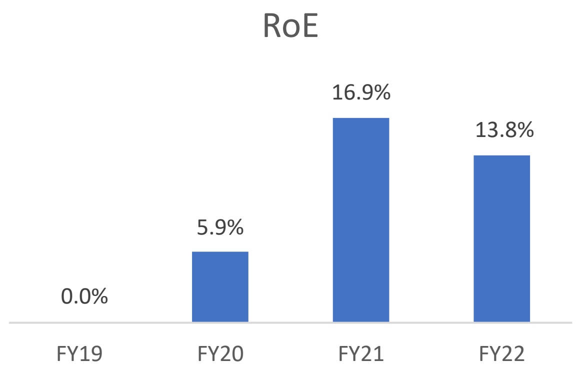
The expenses of the Company are mainly towards i) Employee cost; ii) Operating expenses and iii) Interest cost. Our total expenses for the year were Rs 46 cr and has shown a compounded annual growth of 10% from FY2020 to FY2022.

As a result of higher growth in operating income as compared to operating expenses, our profit before tax has shown a growth of 78% during the same period. The key parameters of financial and operating performance are mentioned below:









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

Outlook for FY2023

While the gross NPA level in the banking sector has come down in the past few years, the banks have made adequate provisions for NPA assets which enables them to be realistic in terms of their expectations. Further, the eco system for resolution of assets has improved. These factors are helping ARCs to acquire assets which meets expectation of all the stakeholders. We continue to pursue large corporate deals along with our investors.

Annexure I

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022
[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.

On account of ongoing and evolving pandemic of COVID-19 and consequent lockdown as directed by the Central and State Government(s), 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, 2022, 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;
   (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. Pursuant to the provisos of Section 47 of the Companies Act, 2013; the holders of 0.01% Compulsorily Convertible Preference Shares have right to vote on all the resolutions.

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

We further report that during the year under review:

i. The shareholders in the Extra Ordinary General Meeting held on 18th June 2021 approved the issue and allotment of 5,00,000 (Five Lakh) 0.01% Compulsorily Convertible Preference Shares of Rs. 100/- (Rupees One Hundred only) each ("CCPS"), aggregating upto Rs. 5,00,00,000/- (Rupees Five Crore only) for cash at par, on a rights basis to its Holding Company – Aditya Birla Capital Limited.

ii. The shareholders in the Extra Ordinary General Meeting held on 22nd October 2021 approved the appointment of M/S CNK & ASSOCIATES LLP as statutory auditor in place of M/S S. R. BATLIBOI & CO. LLP.

iii. The Finance Committee vide its meeting held on 20th September 2021 issued 6571 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 65,71,00,000/- (Rupees Sixty Five Crores Seventy 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
Proprietor
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, 2021.
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.

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
Proprietor
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 2022, 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 2022, 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 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 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.

OTHER MATTER

The standalone financial statements of the Company for the year ended 31st March 2021 were audited by the predecessor auditor whose audit report dated 21st April 2021 expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of this matter.

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 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.

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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 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.

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 2022, 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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:47:35 +05'30'

Hiren Shah
Partner
Membership No. 100052
Place: Mumbai
Date: 21st April 2022
UDIN: 22100052AHNLJF6243

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 ("the Company") on the standalone financial statements for the year ended 31st March 2022]

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 does not hold any intangible assets during the year and accordingly, the requirement under clause 3(i)(a)(B) of the Order is not applicable.

(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 accordingly, the requirements under clause 3(i)(c) of the Order are not applicable.

(d) The Company has not revalued any Property, Plant and Equipment and Right of Use Assets and accordingly the requirements under clause 3(i)(d) of the Order are not applicable.

(e) As disclosed in note 56 and as confirmed by us, no proceedings have 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 and accordingly the requirements under paragraph 3(i)(e) of the Order are not applicable.

ii. (a) The Company is a service company primarily in the business of securitization and asset reconstruction and, accordingly, the requirements under clause 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company does not have any working capital limit which has been sanctioned and utilised and accordingly the requirements under clause 3(ii)(b) of the Order are not applicable.

iii. 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 (Rs. In lakhs)

Particulars	Advances in nature of loans
(A) Aggregate amount granted during the year:	
- Subsidiary, Joint Ventures and Associates	
- Others (Trusts)	241.65
(B) Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiary, Joint Ventures and Associates	
- Others (Trusts)	267.18

(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.

(f) 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	241.65	-	1.94
- Agreement does not specify terms or period of repayment	241.65	-	1.94
Percentage of loans/ advances in nature of loans to the total loans	100%	-	0.80%

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 accordingly, requirements under clause 3(iv) of the Order are not applicable.

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 Companies Act 2013 ("The Act") and rules made thereunder apply. Accordingly, requirements under clause 3(v) of the Order are not applicable.

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;

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 by the management in note 58 and verified by us 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 by the management in note 57 and as confirmed by us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) During the year Company has not availed any term loans and hence reporting under the clause 3(ix)(c) of the Order is not applicable.

(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 Company has not raised money by way of initial public offer / further public offer (including debt instruments) and hence reporting under the clause 3(x)(a) of the Order is not applicable

(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 nor have we been informed of any such case by the management.

(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 and up to the date of this report.

(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, the provisions of clause 3(xii) (a) to (c) of the Order are 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 is only one CIC as a part of the Group.

xvii. Based on overall examination of financial statements, the Company has incurred cash losses of Rs. 647.23 Lakhs in current financial year and incurred cash losses of Rs. 467.75 Lakhs in the immediately preceding financial year.

xviii. As per RBI circular no. RBI/2021-22/25 Ref No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Statutory Auditors have resigned upon completion of their term of appointment as per the requirement of the said circular. There are no issues, concerns or objections raised by the outgoing auditors, based on our communication with them.

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 55 and as verified by us, 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 CHINUBHAI SHAH

Digitally signed by HIREN CHINUBHAI SHAH
Date: 2022.04.21 20:49:17 +05'30'

Hiren Shah

Partner

Membership No. 100052

Place: Mumbai

Date: 21st April 2022

UDIN: 22100052AHNLJF6243

ANNEXURE 2 to the Independent Auditor's Report of even date on Standalone Financial Statements of Aditya Birla ARC Limited

REPORT ON THE INTERNAL FINANCIALCONTROLS 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 2022 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 2022, 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

HIREN CHINUBHAI SHAH
Digitally signed by HIREN CHINUBHAI SHAH
Date: 2022.04.21 20:49:55 +05'30'

Hiren Shah
Partner
Membership No. 100052
Place: Mumbai
Date: 21st April 2022
UDIN: 22100052AHNLJF6243

Aditya Birla ARC Limited
CIN: U65999MH2017PLC292331
Standalone Balance Sheet as at 31st March, 2022

Rs. in Lakhs

		Note	As at 31st March, 2022	As at 31st March, 2021
I	**ASSETS**			
(1)	**Financial Assets**			
	(a) Cash and Cash Equivalents	6	245.34	1,046.24
	(b) Bank Balance other than (a) above	7	5,726.36	3,114.87
	(c) Receivables			
	(I) Trade Receivables	8	210.62	45.70
	(d) Loans	9	263.94	169.91
	(e) Investments			
	- Other Investments	10	37,931.34	43,035.51
	(f) Other Financial Assets	11	101.30	131.37
	Sub-Total		**44,478.90**	**47,543.60**
(2)	**Non-Financial Assets**			
	(a) Current Tax Assets (Net)		1,655.46	631.70
	(b) Property, Plant and Equipment	12	46.21	21.02
	(c) Right to use of Assets	37	240.78	321.09
	(d) Other non-Financial assets	13	64.80	61.24
	Sub-Total		**2,007.25**	**1,035.05**
	Total assets		**46,486.15**	**48,578.65**
II	**LIABILITIES AND EQUITY**			
	LIABILITIES			
(1)	**Financial Liabilities**			
	(a) Payables			
	(I) Trade Payables	14		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		56.79	61.17
	(b) Debt Securities	15	22,045.54	28,223.19
	(c) Borrowings (Other than Debt Securities)	16	4,500.00	3,401.81
	(d) Subordinated Liabilities	17	2,100.00	1,600.00
	(e) Lease Liability	37	264.31	332.81
	(f) Other Financial Liabilities	18	612.53	330.56
	Sub- Total		**29,579.17**	**33,949.54**
(2)	**Non Financial Liabilities**			
	(a) Current tax liabilities (net)		-	10.08
	(b) Provisions	19	81.19	36.30
	(c) Deferred tax liabilities (net)	36	1,127.54	953.62
	(d) Other Non Financial Liabilities	20	924.40	1,014.14
	Sub- Total		**2,133.13**	**2,014.14**
(3)	**Equity**			
	(a) Equity Share capital	21	10,000.00	10,000.00
	(b) Other Equity	22	4,773.85	2,614.97
	Total equity		**14,773.85**	**12,614.97**
	Total Liabilities and Equity		**46,486.15**	**48,578.65**

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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:51:08 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

For and on behalf of the Board of Directors

TUSHAR HAREND RA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 20:12:24 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:28:06 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEE P N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:38:24 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:46:07 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:46:34 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
CIN: U65999MH2017PLC292331
Standalone Statement of Profit and Loss for the year ended 31st March, 2022

Rs. in Lakhs

	Note	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Revenue from operations			
(a) Fee Income	23	2,761.44	2,971.03
(b) Net Gain on Fair Value Changes	24	4,443.34	4,466.42
Total Revenue from Operations		**7,204.78**	**7,437.45**
Other Income	25	239.50	271.77
Total Income		**7,444.28**	**7,709.22**
Expenses			
(a) Finance Costs	26	3,337.83	3,548.19
(b) Impairment on Financial Instruments	27	2.94	1.26
(c) Employee benefits expense	28	1,001.85	740.47
(d) Depreciation and amortisation expense	29	92.17	122.97
(e) Other expenses	30	129.96	87.58
Total Expenses		**4,564.75**	**4,500.47**
Profit before exceptional items and tax		**2,879.53**	**3,208.75**
Exceptional Items		-	-
Profit Before Tax		**2,879.53**	**3,208.75**
Tax Expenses			
Current Tax		546.04	-
Excess Provision for Tax Related to Earlier Years (Net)		(10.08)	-
Deferred Tax		176.63	808.15
Total Tax Expenses		**712.59**	**808.15**
Profit after tax		**2,166.94**	**2,400.60**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset (net)		(10.77)	2.72
Income tax relating to items that will not be reclassified to profit and loss		2.71	(0.68)
Other Comprehensive Income for the year		**(8.06)**	**2.04**
Total Comprehensive Income for the year		**2,158.88**	**2,402.64**
Earnings per share :			
Basic- (Rs.)	31	2.17	2.40
Diluted - (Rs.)		2.12	2.36
(Face Value of Rs. 10 each)			
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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:51:54 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 20:13:19 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:28:34 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:39:51 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:47:09 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:47:30 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
Statement of Changes in Equity for the year ended 31st March 2022

(A) EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of face value of Rs. 10/- each issued on subscribed and fully paid up				
Balance at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Changes in Equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Changes in Equity share capital during the year	-	-	-	-
Balance at the end of the year	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**

(B) OTHER EQUITY

Rs. in Lakhs

Particulars	Reserve and Surplus	Total Other Equity
Balance as at 1st April, 2020	212.33	212.33
Changes in accounting policies or prior perios errors	-	-
Restated balance as at 1st April 2020	**212.33**	**212.33**
Profit for the year	2,400.60	2,400.60
Other Comprehensive loss for the year	2.04	2.04
Total Comprehensive income	2,402.64	2,614.97
Balance as at 31st March, 2021	**2,614.97**	**2,614.97**
Equity attributable to Shareholders of Company	**2,614.97**	**2,614.97**
Balance as at 1st April, 2021	2,614.97	2,614.97
Changes in accounting policies or prior perios 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 Income for the year	(8.06)	(8.06)
Total Comprehensive income	2,158.88	4,773.85
Balance as at 31st March, 2022	**4,773.85**	**4,773.85**
Equity attributable to Shareholders of Company	**4,773.85**	**4,773.85**

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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:52:34 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 20:14:19 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:30:10 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:41:17 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:47:55 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:48:20 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
CIN: U65999MH2017PLC292331
Standalone Cash Flow Statement for the year ended 31st March, 2022

Rs. in Lakhs

Note	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
A	Cash Flow From Operating Activities		
	Profit before tax	**2,879.53**	**3,208.75**
	Adjustments for :		
	Impairment on Financial Assets	2.94	1.26
	Net gain on Fair value changes	(4,443.34)	(4,466.42)
	Interest Income on Fixed Deposits	(233.97)	(244.58)
	Notional interest on Security Deposits	(2.57)	(2.40)
	Finance Cost	3,317.03	3,524.84
	Notional Interest on Lease	20.80	23.35
	Depreciation and Amortisation	92.17	122.97
	Operating Profit Before Working Capital Changes	**1,632.59**	**2,167.77**
	Adjustments for:		
	Decrease/(Increase) in Loans	(0.99)	(0.31)
	Decrease/(Increase) in Other Financial Assets	32.64	11.23
	Decrease/(Increase) in Trade Receivables	(164.92)	(45.67)
	Decrease/(Increase) in Other Non-Financial Assets	(3.45)	(344.80)
	(Decrease)/Increase in Trade Payables	(4.38)	33.81
	(Decrease)/Increase in Provisions	34.12	7.41
	(Decrease)/Increase in other Financial Liabilities	281.87	300.64
	(Decrease)/Increase in other Non Financial Liabilities	(89.76)	(934.08)
	Cash From / (Used In) Operations	**85.13**	**(971.77)**
	Income Taxes Paid	(1,569.80)	(250.90)
	Net Cash Flow From Operating Activities	**147.92**	**945.10**
B	Cash Flow from Investing Activities		
	Addition to Property, Plant and Equipment	(37.16)	(5.37)
	Investment in Security Receipts	(11,286.00)	(11,727.51)
	Redemption of Security Receipts	20,833.52	17,962.71
	Interest Received	52.49	257.94
	Bank Deposits placed during the year	(11,694.00)	(9,693.89)
	Bank Deposits matured during the year	9,264.00	11,557.83
	Net Cash From Investing Activities	**7,132.85**	**8,351.71**
C	Cash Flow From Financing Activities		
	Loans & Advances to Trust	(241.65)	(169.86)
	Loans & Advances recovered from Trust	145.67	-
	Lease Liability - Principal Portion	(68.40)	(43.91)
	Lease Liability - Interest Portion	(20.80)	(23.35)
	Proceeds from Borrowings	7,250.00	7,000.00
	Repayment of Borrowings	(6,150.00)	(3,600.00)
	Proceeds from Debt Securities	6,571.00	-
	Repayment of Debt Securities	(12,441.00)	(7,982.08)
	Finance Cost on Debt Securities & Borrowings	(3,626.49)	(3,523.03)
	Proceeds from Compulsorily Convertible Preference Shares	500.00	-
	Net Cash Used In Financing Activities	**(8,081.67)**	**(8,342.23)**
	Net (Decrease) / Increase In Cash and Cash Equivalents	(800.90)	954.58
	Cash and Cash Equivalents (Opening Balance)	1,046.24	91.66
	Cash and Cash Equivalents (Closing Balance)	245.34	1,046.24

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash Flow' prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

2 Cash and cash equivalents in the balance sheet comprise of Cash at bank.

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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:53:10 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 20:15:20 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:32:00 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:42:46 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:48:49 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:49:29 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
Notes forming part of Standalone Financial Statement for the year ended 31st March 2022

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 March 10, 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 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 / commitment agreement, wherever applicable.

   The financial statements were authorized for issue by the Company's Board of Directors on April 21, 2022.

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. 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 over the period on cash basis, i.e. as and when received by the Company, based on terms of the relevant trust deeds and offer document issued by the Trust.
c. Any upside share in excess realisation over acquisition price of financial asset by trust 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.

Rental Income
Temporary arrangements were made to give unoccupied workstations to other businesses, rent were charged for the period on these workstations on basis of area wise cost allocation.

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. 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)

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 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 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. 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 **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.

5.7 **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.

5.8 **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 "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 one time option, which cannot be changed to the option of early vesting, hence liability has been equally spread over the tenure. In case these employees leave before the stipulated period of 4 years, the liability to pay under the aforesaid LTIP scheme ceases.

5.9 **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.

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.

5.10 **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.

5.11 **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.

5.12 **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.

5.13 **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.

5.14 **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 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.

5.15 **Recent pronouncements**

The following standards / amendments to standards have been issued and will be effective from 1st April 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

• **Indian Accounting Standard (Ind AS) 103 – Business Combinations** – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date.

Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

• **Indian Accounting Standard (Ind AS) 109 – Financial Instruments** – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities

• **Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment** – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.

• **Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets** – Modifications in application of recognition and measurement principles relating to onerous contracts.

Aditya Birla ARC Limited
Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Particulars	As at 31st March, 2022	As at 31st March, 2021
		Rs. in Lakhs
NOTE: 6		
Cash and Cash Equivalents		
Balances with Banks		
Current Accounts*	94.87	71.17
Deposit Accounts (with original maturity period of 3 months or less)	150.47	975.07
	245.34	**1,046.24**

***** Includes amount of Rs. 4.40 lakhs (Previous year: Rs. 9.53 lakhs) held in Escrow Account.

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 7		
Bank Balance other than Cash and Cash Equivalents		
Fixed Deposit Accounts (with original maturity period of more than 3 months)	5,726.36	3,114.87
	5,726.36	**3,114.87**
NOTE: 8		
Trade Receivables		
(a) Receivables considered good, Unsecured	211.47	45.81
Less: Expected Credit Loss	(0.85)	(0.18)
(b) Receivables - credit impaired	0.51	0.51
Less: Expected Credit Loss	(0.51)	(0.44)
	210.62	**45.70**

Note: 8.1
Ageing Schedule for Trade Receivable as at 31st March, 2022

Rs. 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	-	-	-	-	-	**-**

Ageing Schedule for Trade Receivable as at 31st March, 2021

Rs. 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	45.81	-	-	-	-	**45.81**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables - credit impaired	0.09	0.09	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

Particulars		
Opening Balance	0.62	0.30
Add: ECL allowance during the year	0.74	0.32
Closing Balance	**1.36**	**0.62**

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Rs. in Lakhs

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 9		
Loans		
Loans (Carried at amortised cost) (Refer Note 9.1 and 44)	267.18	171.20
Less: Impairment loss allowance (Refer Note 9.1)	(3.24)	(1.29)
	263.94	**169.91**

NOTE: 9.1

Sr. No.	Particulars	As at 31st March, 2022 At Amortised Cost	As at 31st March, 2021 At Amortised Cost
(A)	(i) Loans	-	-
	(ii) Advances in the nature of loan	267.18	171.20
	Total Gross (A)	**267.18**	**171.20**
	Less: Impairment loss allowance	(3.24)	(1.29)
	Total Net (A)	263.94	169.91
(B)	(i) Secured by tangible assets	-	-
	(ii) Unsecured	267.18	171.20
	Total Gross (B)	**267.18**	**171.20**
	Less: Impairment loss allowance	(3.24)	(1.29)
	Total Net (B)	263.94	169.91
(C)(I)	Loans in India		
	(i) Public Sector	-	-
	(ii) Others	267.18	171.20
	Total Gross (C)(I)	**267.18**	**171.20**
	Less: Impairment loss allowance	(3.24)	(1.29)
	Total Net (C)(I)	263.94	169.91
(C)(II)	Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total Net (C)(II)	-	-
	Total (C)(I) and (II)	**263.94**	**169.91**

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 10		
Other Investments		
(Carried at Fair value through Profit or Loss)		
Investments in Security Receipts	37,931.34	43,035.51
	37,931.34	**43,035.51**
In India	37,931.34	43,035.51
Outside India	-	-
NOTE: 11		
Other Financial Assets		
(Unsecured, considered good, unless stated otherwise)		
Security Deposits (carried at amortised cost)	42.07	38.50
Interest Accrued	1.02	1.25
Other Receivable	13.63	22.95
Other Advance*	45.29	69.12
Less: Expected Credit Loss	(0.71)	(0.45)
	101.30	**131.37**

* It includes reimbursements from ABARC-AST-001 Trust amounting to Rs. 1.06 lakhs (March 31, 2021: Rs. 0.74 lakhs) and reimbursements from ABARC-AST-008 Trust amounting to Rs. Nil (March 31, 2021: Rs. 3.04 lakhs).

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 12

Property, Plant and Equipment

Rs. in Lakhs

Particulars	Computers	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Vehicles	TOTAL
Gross Block						
As at 1st April, 2020	3.35	87.60	11.66	2.29	16.60	**121.50**
Additions	4.37	-	0.99	-	-	**5.36**
Deletions	-	-	-	-	-	**-**
As at 31st March, 2021	**7.72**	**87.60**	**12.65**	**2.29**	**16.60**	**126.86**
Accumulated Depreciation						
As at 1st April, 2020	1.13	55.57	3.70	0.33	2.37	**63.10**
Depreciation for the year	1.91	32.03	2.46	0.23	6.11	**42.74**
Deletions	-	-	-	-	-	**-**
As at 31st March, 2021	**3.04**	**87.60**	**6.16**	**0.56**	**8.48**	**105.84**
Net Carrying amount as at 31st March, 2021	**4.68**	**-**	**6.49**	**1.73**	**8.12**	**21.02**
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**

Aditya Birla ARC Limited
Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Rs. in Lakhs

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 13		
Other non-financial assets		
(Unsecured, considered good, unless stated otherwise)		
Dues Recievable from Government - GST	24.48	30.56
Advance to Vendor	10.23	6.68
Prepaid expenses	5.69	4.48
Gratuity Plan Assets	24.40	19.52
	64.80	**61.24**

NOTE: 14
Ageing Schedule for Trade Payables as at 31st March, 2022

Rs. in lakhs

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(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**

Ageing Schedule for Trade Payables as at 31st March, 2021

Rs. in lakhs

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	**-**
(ii) Others	18.30	42.87	-	-	-	**61.17**
(iii) Disputed Dues - MSME	-	-	-	-	-	**-**
(iv) Disputed Dues - Others	-	-	-	-	-	**-**
Total	**18.30**	**42.87**	**-**	**-**	**-**	**61.17**

NOTE: 15		
Debt Securities		
(Secured, carried at amortised cost)		
Non Convertible Debentures	22,045.54	28,223.19
	22,045.54	**28,223.19**
In India	22,045.54	28,223.19
Outside India	-	-

Following is the repayment terms of Debt Securities

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. The Company has executed an Agreement to Pledge and a Non-Disposal Undertaking in respect of the ARC SRs in favour of the Debenture Trustee acting on behalf of the Debenture Holders. Subject to applicable law, the Company will create the pledge as and when the Debenture Trustee instructs the Company for the same.

NOTE: 16		
Borrowings (Other than Debt Securities)		
(Unsecured, carried at amortised cost)		
Loans from related party	4,500.00	-
Loans repayable on demand		
- From Others	-	3,401.81
	4,500.00	**3,401.81**
In India	4,500.00	3,401.81
Outside India	-	-

Following is the repayment terms of the Borrowings outstanding 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

Following is the repayment terms of the Borrowings outstanding as at 31st March 2021

Repayment clause	Interest rate	Maturity period
Repayable anytime after 7 days from the date of disbursement with 2 days advance notice. Interest payable on maturity.	10.50%	3 months

Particulars	As at 31st March, 2022	As at 31st March, 2021
		Rs. in Lakhs
NOTE: 17		
Subordinated Liabilities		
(Carried at amortised cost)		
Compulsorily Convertible Preference Shares	2,100.00	1,600.00
	2,100.00	**1,600.00**
In India	2,100.00	1,600.00
Outside India	-	-

0.01% compulsorily convertible preference shares

1. Compulsorily convertible preference shares on a non-cumulative basis.
2. To be compulsorily converted into equity shares of Rs. 10/- each at higher of
   (a) Fair Market value determined as on the date of conversion or
   (b) Rs. 10/- per equity share (being the face value of equity shares)
3. Tenor of CCPS amounting to Rs. 1,100 lakhs is 20 years and Rs. 1,000 lakhs (March 31, 2021: Rs. 500 lakhs) is 10 years.

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 18		
Other Financial Liabilities		
(Carried at amortised cost)		
Accrued salaries and benefits	612.53	330.56
	612.53	**330.56**
NOTE: 19		
Provisions		
Provision for Employee Benefits		
Provision for Leave encashment	24.85	14.32
Provision for Gratuity	56.34	21.98
	81.19	**36.30**
NOTE: 20		
Other Non Financial Liabilities		
Unearned Revenue	819.02	868.37
Statutory Dues	105.38	145.77
	924.40	**1,014.14**

Aditya Birla ARC Limited
Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Rs. in Lakhs

Particulars	Numbers	As at 31st March, 2022	Numbers	As at 31st March, 2021
NOTE: 21				
Share Capital				
Authorised:				
Equity Shares of Rs. 10/- each	13,00,00,000	13,000.00	13,00,00,000	13,000.00
	13,00,00,000	**13,000.00**	**13,00,00,000**	**13,000.00**
Issued:				
Equity Share Capital				
Equity Shares of Rs. 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	**10,000.00**	**10,00,00,000**	**10,000.00**
Subscribed and Paid-up:				
Equity Share Capital				
Equity Shares of Rs. 10/- each, fully paid-up	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	**10,000.00**	**10,00,00,000**	**10,000.00**

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

Sr. No.	Description	As at 31st March, 2022		As at 31st March, 2021	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	13,00,00,000	13,000.00	13,00,00,000	13,000.00
2	Add increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	**13,00,00,000**	**13,000.00**	**13,00,00,000**	**13,000.00**

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

Sr. No.	Description	As at 31st March, 2022		As at 31st March, 2021	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
2	Add increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**

Term/Right Attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 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.

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, 2022	As at 31st March, 2021
	Amount	Amount
Parent - Aditya Birla Capital Limited		
10,00,00,000 equity shares	10,000.00	10,000.00

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Parent - Aditya Birla Capital Limited (in numbers)	10,00,00,000	10,00,00,000
% of shareholding	100%	100%

Shares held by promoters

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

Shares held by promoters as at 31st March, 2022				% Change during the year
Sr. No	Promoter's Name	No. of Shares	% of total shares	
1	Aditya Birla Capital Limited	10,00,00,000	100%	-

Shares held by promoters as at 31st March, 2021				% Change during the year
Sr. No	Promoter's Name	No. of Shares	% of total shares	
1	Aditya Birla Capital Limited	10,00,00,000	100%	-

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Rs. in Lakhs

Particulars	As at 31st March, 2022	As at 31st March, 2021
NOTE: 22		
Other Equity		
Retained Earnings*		
Opening Balance	2,614.97	212.33
Addition:		
Profit for the Year	2,166.94	2,400.60
Other Comprehensive (loss)/income for the year	(8.06)	2.04
Closing Balance	**4,773.85**	**2,614.97**
Total Other Equity	**4,773.85**	**2,614.97**

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

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Particulars	Year Ended 31st March, 2022	Rs. in Lakhs Year Ended 31st March, 2021
NOTE: 23		
Fee Income		
Trusteeship and Management fees	2,761.44	2,971.03
	2,761.44	**2,971.03**
NOTE: 24		
Net Gain on Fair Value Changes		
Net gain / (loss) on financial instruments at fair value through profit or loss		
Net Gain from Investments in Security Receipts	4,443.34	4,466.42
	4,443.34	**4,466.42**
Fair Value changes:		
Realised	824.04	669.46
Unrealised	3,619.30	3,796.96
	4,443.34	**4,466.42**
NOTE: 25		
Other Income		
Interest on deposits with Banks		
On financial assets carried at amortised cost	233.97	244.58
Interest on Others		
On financial assets carried at amortised cost	2.97	3.77
Interest on tax refunds	2.56	4.77
Rental Income	-	1.43
Miscellaneous Income	-	17.22
	239.50	**271.77**

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

	Year Ended 31st March, 2022	Rs. in Lakhs Year Ended 31st March, 2021
NOTE: 26		
Finance Cost		
Interest on Financial Liabilities carried at amortised cost		
Debt securities	2,978.39	3,497.50
Borrowing other than Debt securities	338.64	27.34
Finance Cost - Lease Liability	20.80	23.35
	3,337.83	**3,548.19**
NOTE: 27		
Impairment on Financial Instruments		
On Trade Receivable	0.73	0.32
On Other Financial Assets held at Amortised Cost	2.21	0.94
	2.94	**1.26**
NOTE: 28		
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	961.77	705.33
Contribution to Provident Fund (Refer Note no 34)	22.60	20.02
Contribution to Gratuity Fund (Refer Note no 34)	9.58	7.38
Staff Welfare Expenses	7.90	7.74
	1,001.85	**740.47**
NOTE: 29		
DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation of Property, plant and equipment	11.97	42.75
Amortisation on Lease Assets	80.20	80.22
	92.17	**122.97**
NOTE: 30		
OTHER EXPENSES		
Rent	0.47	0.21
Repairs & Maintenance - Others	14.58	21.45
Insurance	0.68	0.32
Rates & Taxes	0.48	2.12
Legal & Professional Expenses (Refer Note 30.1)	61.76	25.84
Travelling & Conveyance	3.31	2.70
Printing and Stationery	0.53	0.63
Communication Expenses	0.17	0.15
Electricity Charges	2.42	1.80
Information Technology Expenses	18.63	17.95
Director Sitting Fees	14.30	1.40
Recruitment Charges	2.04	3.93
Miscellaneous Expenses	10.59	9.08
Total	**129.96**	**87.58**
NOTE: 30.1		
Includes Auditors Remuneration		
Audit Fees*	5.50	4.70
Tax Audit Fees	1.50	1.10
Other Certification Fees	0.50	0.50
Reimbursement of Expense	-	0.03
	7.50	**6.33**

*Includes Rs. 2.35 lakhs pertaining to erstwhile auditors during the current year.

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Rs. in Lakhs

	As at 31st March, 2022	As at 31st March, 2021
NOTE: 31		
DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE		
Earnings per Share (EPS) is calculated as under:		
Weighted-average Number of Equity Shares for calculation of Basic EPS	1,000	1,000
Weighted-average Number of Equity Shares for calculation of Diluted EPS	1,019.89	1,016.00
Nominal Value of Shares (`)	10.00	10.00
Profit attributable to equity holders of the Parent:		
Continuing Operations	2,166.94	2,400.60
Basic EPS (`)	2.17	2.40
Diluted EPS (`)	2.12	2.36

Dilutive shares for computation of Earnings per share pertain to 21,00,000 (Previous year: 16,00,000) 0.01% compulsorily convertible preference shares.

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 32

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
Tushar Shah- Director
Pinky Mehta - Director (wef May 15, 2020)
Sharadkumar Bhatia - Director (wef December 30, 2020)
Sanjay Jain - Chief Executive Officer
Sandeep Somani - Chief Financial Officer (wef September 1, 2020)
Vijayalakshmi Iyer- Independent Director (upto May 05, 2020)
Sethurathnam Ravi - Independent Director (wef January 20, 2021)

C Fellow Subsidiary

Aditya Birla Finance Limited
Aditya Birla Money Limited
Aditya Birla Sunlife Insurance Company Limited
Aditya Birla Health Insurance Company Limited
Aditya Birla Stressed Asset AMC Private Limited
Aditya Birla Financial Shared Services Limited
Aditya Birla PE Advisors Private Limited
Aditya Birla Sun Life AMC Limited
Aditya Birla Wellness Private Limited
Grasim Industries Limited -Employee Gratuity Trust Fund

D ARC Trust - Controlled by the Company

ABARC-AST-001 Trust*
ABARC-AST-008 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, 2022 and 31st March, 2021

Rs. in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
A	**Holding Company**		
1	**Transactions during the year ***		
	Aditya Birla Capital Limited (Issue of Compulsorily Convertible Preference Shares)	500.00	-
	Aditya Birla Capital Limited (ICD taken)	7,250.00	3,600.00
	Aditya Birla Capital Limited (ICD redeemed)	2,750.00	3,600.00
	Aditya Birla Capital Limited (ICD interest)	296.09	25.38
2	**Balance Outstanding**		
	Aditya Birla Capital Limited (Equity Shares)	10,000.00	10,000.00
	Aditya Birla Capital Limited (CCPS)	1,000.00	500.00
	Aditya Birla Capital Limited (ICD)	4,500.00	-
	Aditya Birla Capital Limited (Other - Payables)	2.36	2.23
B	**Fellow Subsidiaries**		
1	**Transactions during the year***		
i	**Expenses Reimbursement**		
	Aditya Birla Finance Limited (Software License Expense)	0.21	-
	Aditya Birla Stressed Asset AMC Private Limited (Payroll Expense)	87.76	134.62
	Aditya Birla Money Limited (Insurance expense against employee transfer)	0.02	-
ii	**Expense Recovery**		
	Aditya Birla Financial Shared Services Limited (Recurring expense recovery)	-	0.22
	Aditya Birla Stressed Asset AMC Private Limited (Insurance expense)	1.23	1.27
	Aditya Birla Stressed Asset AMC Private Limited (Staff Welfare expense)	-	0.01
	Aditya Birla Stressed Asset AMC Private Limited (Professional expense)	0.06	0.05
	Aditya Birla Finance Limited (Payroll Expense)	-	19.67
	Aditya Birla Finance Limited (Received against reimbursement of expenses)	-	0.60
iii	**Expenses**		
	Aditya Birla Health Insurance Company Limited (Insurance expenses)	-	0.79
	Aditya Birla Financial Shared Services Limited (Professional expense)	0.59	-
	Aditya Birla Money Limited (Custodian fees)	1.01	0.02
	Aditya Birla Wellness Private Limited (Staff Welfare expense)**	0.00	0.02
	Aditya Birla Sun Life Insurance Company Limited (Insurance expense)	2.00	0.84
iv	**Income**		
	Aditya Birla Finance Limited (Rental Income)	-	0.40
	Aditya Birla Financial Shared Services (Rental Income)	-	1.04

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

v	**Others**		
	Aditya Birla Finance Limited (Purchase of Asset)	-	3.35
	Aditya Birla Money Limited (Addition in liability against employee transfer)	13.65	-
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)**	0.00	12.52
vi	**Directors and Key Management Personnel**		
	Sanjay Jain (Remuneration)^	190.42	117.37
	Sandeep Somani (Remuneration)^	54.95	29.26
	Vijayalakshmi Iyer (Sitting Fees)	-	0.50
	Sharadkumar Bhatia (Sitting Fees)	7.85	0.90
	Sethurathnam Ravi (Sitting Fees)	6.45	-
vii	**Advance for Expenses**		
	Aditya Birla Sun Life Insurance Company Limited (Insurance premium deposit)	0.48	0.17
	Aditya Birla Health Insurance Company Limited (Insurance premium deposit)	-	0.13
2	**Balance Outstanding**		
i	**Receivable**		
	Aditya Birla Money Limited	13.63	-
	Aditya Birla Finance Limited	-	19.92
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	24.40	19.52
ii	**Payable**		
	Aditya Birla Wellness Private Limited	-	0.02
	Aditya Birla Stressed Asset AMC Private Limited	5.37	4.88
C	**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	0.28
	ABARC-AST-008 Trust (expenses incurred on behalf of the Trust)	4.29	2.58
ii	**Income**		
	ABARC-AST-001 Trust (Trusteeship Fees)	-	0.15
	ABARC-AST-008 Trust (Trusteeship Fees)	5.38	33.95
iii	**Advances**		
	ABARC-AST-001 Trust (Advance Given)	1.94	1.10
	ABARC-AST-008 Trust (Advance Given)	-	40.07
	ABARC-AST-008 Trust (Repayment of Advance)	40.07	-
2	**Balance Outstanding**		
i	**Investments**		
	ABARC-AST-001 Trust (Investment in security receipts)	15.00	15.00
	ABARC-AST-008 Trust (Investment in security receipts)	2,133.12	3,395.00
ii	**Receivables**		
	ABARC-AST-001 Trust (Trusteeship Fees and expenses incurred on behalf of Trust)	1.57	1.25
	ABARC-AST-001 Trust (Advance given)	4.38	2.44
	ABARC-AST-008 Trust (Expenses incurred on behalf of Trust)	-	3.04
	ABARC-AST-008 Trust (Advance given)	-	40.07

* All amounts are exclusive of GST

** Figures rounded off to the nearest thousand

^ Variable Pay & Retirement Benefits are not included

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 33

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.

Rs. in Lakhs

Particulars	31st March, 2022			31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	245.34	-	245.34	1,046.24	-	1,046.24
Bank Balance other than above	2,585.18	3,141.18	5,726.36	162.39	2,952.48	3,114.87
Trade receivables	210.62	-	210.62	45.70	-	45.70
Loans	263.94	-	263.94	169.91	-	169.91
Investments	20,581.30	17,350.04	37,931.34	12,073.43	30,962.08	43,035.51
Other financial assets	62.41	38.89	101.30	95.15	36.22	131.37
Non-financial Assets						
Current tax asset	-	1,655.46	1,655.46	-	631.70	631.70
Property, plant and equipment	-	46.21	46.21	-	21.02	21.02
Right to use of Assets	-	240.78	240.78	-	321.09	321.09
Other non financial assets	64.80	-	64.80	61.24	-	61.24
Total assets	**24,013.59**	**22,472.56**	**46,486.15**	**13,654.06**	**34,924.59**	**48,578.64**
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of creditors other than micro enterprises and small enterprises	56.79	-	56.79	61.17	-	61.17
Debt Securities	12,823.85	9,221.69	22,045.54	6,632.12	21,591.07	28,223.19
Borrowings (Other than Debt Securities)	4,500.00	-	4,500.00	3,401.81	-	3,401.81
Subordinate Liabilities	-	2,100.00	2,100.00	-	1,600.00	1,600.00
Lease Liabilities	78.08	186.23	264.31	86.35	246.46	332.81
Other Financial liabilities	612.53	-	612.53	330.56	-	330.56
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	10.08	-	10.08
Provisions	59.28	21.91	81.19	25.23	11.07	36.30
Deferred tax liabilities (net)	-	1,127.54	1,127.54	-	953.62	953.62
Other non-financial liabilities	924.40	-	924.40	1,014.14	-	1,014.14
Equity						
Equity Share Capital	-	10,000.00	10,000.00	-	10,000.00	10,000.00
Other Equity	-	4,773.85	4,773.85	-	2,614.97	2,614.97
Total Liabilities	**19,054.93**	**27,431.22**	**46,486.15**	**11,561.46**	**37,017.19**	**48,578.65**
Net			-			-

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 34

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 Rs. 22.60 lakhs (March 31, 2021 – Rs. 20.02 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

Rs. in Lakhs

Particulars	**31st March, 2022**	**31st March, 2021**
Opening Defined Benefit Obligations	21.98	17.01
Current Service Cost	9.44	6.68
Interest Cost	1.24	0.95
Actuarial changes arising from changes in demographic assumptions	13.56	-
Actuarial changes arising from changes in financial assumptions	(3.28)	(0.07)
Actuarial changes arising from changes in experience assumptions	1.80	(0.39)
Add: Benefits paid including transfer in/out	11.60	(2.20)
Present value of defined benefit obligation	56.34	21.98

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Changes in Fair Value of Plan Assets Rs. In lakhs

Particulars	31st March, 2022	31st March, 2021
Opening Fair Value of the Plan Assets	19.52	4.50
Interest Income on the Plan Assets	1.10	0.24
Employers Contribution	2.46	12.52
Return on Plan Assets	1.31	2.26
Closing Fair Value of the Plan Assets	24.39	19.52

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

Rs. in Lakhs

Particulars	31st March, 2022	31st March, 2021
In Statement of Profit and Loss	9.58	7.38
Interest on net defined benefit liability/(assets)	-	-
Total Expenses Recognized for the period	**9.58**	**7.38**

Other Comprehensive Income: Rs. in Lakhs

Particulars	31st March, 2022	31st March, 2021
Actuarial (gains)/ losses		
Actual Return on Plan Assets excluding amount recognised in net interest expense	(1.31)	(2.26)
Actuarial changes arises from change		
- Demographic Assumptions	13.56	-
- Financial Assumptions	(3.28)	(0.07)
- Experience Variance	1.80	(0.39)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in OCI	10.77	(2.72)

b) Maturity Profile of Defined Benefit Obligation Rs. in Lakhs

Weighted average duration (based on discounted cashflows)	10 years
Expected cash flows over the next (valued on undiscounted basis):	
1 year	2.42
2 to 5 years	17.25
6 to 10 years	33.57
More than 10 years	73.63

c) Expected Contribution during the next annual reporting period

The company's best estimate of contribution during the next year	46.71

d) Funding Arrangements and Funding Policy

The Scheme is on funded basis.

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

e) Principal Actuarial Financial Assumptions

Particulars	31st March, 2022	31st March, 2021
Discount Rate (per anumn)	6.95%	5.65%
Salary Growth Rate (per anumn)	10%	10%
Decrement adjusted remaining working life (yrs)	8.31	4.04

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.

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, 2022	31st March, 2021
Mortality Rate	100% of IALM 2012-24	100% of IALM 2012-24
Normal retirement age	60 yrs	60 yrs
Attrition/Withdrawal rate (per anumn)	10%	20%

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, 2022	31st March, 2021
Government of India Securities	5.79%	6.03%
State Govt. Securities	4.84%	6.22%
High Quality Corporate Bonds	0.80%	0.96%
Fund Managed by Insurers	36.92%	40.21%
Other Investments	51.64%	46.58%
Total	**100.00%**	**100.00%**

Sensitivity Analysis

Rs. in Lakhs

Particulars	31st March, 2022		31st March, 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 0.5%)	59.18	53.70	22.71	21.30
(% change compared to base due to sensitivity)	5.00%	-4.70%	3.30%	-3.10%
Salary Growth (-/+ 0.5%)	53.75	59.09	21.32	22.67
(% change compared to base due to sensitivity)	-4.60%	4.90%	-3.00%	3.10%
Attrition Rate (-/+ 50%)	74.18	47.70	33.67	16.51
(% change compared to base due to sensitivity)	31.70%	-15.30%	53.20%	-24.90%
Mortality Rate (-/+ 10%)	56.30	56.38	21.96	22.01
(% 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.

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 35 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: 36 Income Tax Disclosure

Current tax for the year of Rs. 546.04 lakhs (Previous year Rs. NIL).

The major components of income tax expense for the years ended

Statement of profit and loss:

Profit or loss Section	**31-Mar-22**	**31-Mar-21**
Current tax	546.04	-
Excess Provision for Tax Related to Earlier Years (Net)	(10.08)	-
Deferred tax	176.63	808.15
Income tax expense reported in the statement of profit or loss	**712.59**	**808.15**

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

	31-Mar-22	**31-Mar-21**
A) Income before income tax	2,879.53	3,208.75
B) Enacted tax rate in India	25.17%	25.17%
C) Expected Tax Expense (A*B)	724.72	807.64
D) Excess Provision for Tax Related to Earlier Years (Net)	(10.08)	-
E) Other Adjustments	(2.05)	0.51
Income tax expense reported in the statement of profit and loss	712.59	808.15

Deferred tax:

Deferred tax relates to the following:

Balance Sheet	**31-Mar-22**	**31-Mar-21**
Deferred tax Liabilities		
Marked to Market Value of Investment	2,241.01	1,330.21
Subtotal A	**2,241.01**	**1,330.21**
Deferred tax Assets		
Leave Encashment	(6.25)	(3.60)
Difference in WDV between Companies Act and Income Tax Act	(15.29)	(15.02)
Temporary differences due to Lease accounting as per Ind AS 116	(12.11)	(9.14)
Impact of IND AS 116 on Reserve	(1.46)	(1.46)
Employee LTIP provision	(78.94)	(30.34)
Unfunded Gratuity	-	(0.62)
1/5th of preliminary expenses u/s 35D	-	(6.68)
ECL provisions	(1.34)	(0.60)
Securitization Income as per Income Tax Act	(998.08)	-
Carry forwarded losses	-	(309.13)
Subtotal B	**(1,113.47)**	**(376.60)**
Net deferred tax liabilities	**1,127.54**	**953.62**
Reflected in the balance sheet as follows:	**31-Mar-22**	**31-Mar-21**
Deferred tax assets	(1,113.47)	(376.60)
Deferred tax liabilities	2,241.01	1,330.21
Deferred tax liabilities (net)	**1,127.54**	**953.62**

Reconciliation of deferred tax liabilities (net)	**31-Mar-22**	**31-Mar-21**
Opening balance as of 1 April	**953.62**	**144.79**
Tax expense during the period recognised in profit and loss	176.63	808.15
Tax (income)/expense during the period recognised in OCI	(2.71)	0.68
Closing balance as at 31 March	**1,127.54**	**953.62**

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 37 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 2022	**Year ended 31st March 2021**
Opening Balance	321.09	79.19
Additions	-	-
Modification to lease terms	-	302.04
Deletions	-	-
Depreciation	(80.20)	(80.22)
Other adjustment	(0.10)	20.08
Closing Balance	**240.79**	**321.09**

Amounts recognised in profit and loss

	Year ended 31st March 2022	**Year ended 31st March 2021**
Depreciation expense on right-of-use assets	80.20	80.22
Interest expense on lease liabilities	20.80	23.35

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

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Current Lease Liabilities	90.67	86.35
Non-Current Lease Liabilities	173.64	246.46
Total	**264.31**	**332.81**

The following is the movement in lease liabilities

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Balance as at 1st April	**332.81**	**81.35**
Additions	-	-
Modification to lease terms	-	302.04
Finance Cost accrued during the period	20.80	23.35
Deletions	-	-
Variable lease payment adjustments	(0.10)	(6.67)
Payment of Lease Liabilities	(89.20)	(67.26)
Balance as at 31st March	**264.31**	**332.81**

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

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Less than one year	93.66	89.31
One to Five years	-	93.66
More than Five years	-	-
Total	**93.66**	**182.97**

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: 38 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:

Particulars	31st March, 2022	31st March, 2021
Capital Adequacy Ratio	30.38%	25.55%

NOTE: 39 Analytical Ratios

Particulars	31st March, 2022	31st March, 2021
Capital to risk-weighted assets ratio*	30.38%	25.55%
Liquidity Coverage Ratio	5135%	2205.85%

*Since Company is an Asset Reconstruction Company, Tier I CRAR and Tier II CRAR are not applicable.

NOTE: 40 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 2022 & 31st March 2021.

As at 31st March 2022 Rs. in Lakhs

Financial Assets	Carrying Value	Fair Value
Trade Receivables	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	Carrying Value	Fair Value
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**

As at 31st March 2021 Rs. in Lakhs

Financial Assets	Carrying Value	Fair Value
Trade Receivables	45.70	45.70
Loans	169.91	169.91
Investments Unquoted(FVTPL)	43,035.51	43,035.51
Others financial Asset	131.37	131.37
Total	**43,382.49**	**43,382.49**

Financial Liabilities	Carrying Value	Fair Value
Trade payables	61.17	61.17
Debt Securities	28,223.19	28,223.19
Borrowings (Other than Debt Securities)	3,401.81	3,401.81
Compulsorily Convertible Preference Shares	1,600.00	1,600.00
Lease liabilities	332.81	332.81
Others financial liabilities	330.56	330.56
Total	**33,949.54**	**33,949.54**

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: 41 Fair Value Hierarchy

Following table provides the fair value measurement hierarchy of the Company's assets and liabilities as on 31st March 2022 & 31st March 2021

As at 31st March 2022 Rs. 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.

Rs. 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

As at 31st March 2021 Rs. in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2	Level 3
Investments Unquoted(FVTPL)	31-03-2021	43,035.51			43,035.51

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

Rs. in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivable	31-03-2021	45.70			45.70
Loans	31-03-2021	169.91			169.91
Others financial Asset	31-03-2021	131.37			131.37
Financial Liabilities					
Trade payables	31-03-2021	61.17			61.17
Debt Securities	31-03-2021	28,223.19			28,223.19
Borrowings (Other than Debt Securities)	31-03-2021	3,401.81			3,401.81
Compulsorily Convertible Preference Shares	31-03-2021	1,600.00			1,600.00
Lease liabilities	31-03-2021	332.81			332.81
Others financial liabilities	31-03-2021	330.56			330.56

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.

There have been no transfers between levels during the year ended March 31, 2022 and year ended March 31, 2021.

Movement in Level 3 Financial Instruments measured at Fair Value

Rs. in Lakhs

Financial Assets	Investments Unquoted (in SRs)	
Particulars	**As at 31st March 2022**	**As at 31st March 2021**
As at beginning of the year	43,035.51	44,804.28
Investments	11,286.00	11,727.51
Redemptions/write offs	(20,009.47)	(17,293.24)
Gains for the year recognised in profit or loss	3,619.30	3,796.96
At as at the end of the year	**37,931.34**	**43,035.51**
Unrealised gains related to balances held at the end of the year	3,619.30	3,796.96

Unobservable inputs used in measuring fair value categorised within Level 3 Rs. in Lakhs

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

Type of Financial Instruments	Fair Value of Asset as on March 31, 2021	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	43,035.51	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 are 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 uncertainity 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: 42 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 and Debt Securities.
Available capital resources at the year end

Rs. in Lakhs

Particulars	March 31, 2022	March 31, 2021
Compulsorily Convertible Preferences shares	2,100.00	1,600.00
Debt Securities	22,045.54	28,223.19
Borrowings (Other than Debt Securities)	4,500.00	3,401.81
Total Equity	10,000.00	10,000.00
Total Capital	**38,645.54**	**43,225.00**

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.

Rs. in Lakhs

Year ended March 31, 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	58.97	186.23	-	264.31
Other financial liabilities	-	7.89	604.64	-	-	612.53
	-	**1,618.20**	**16,453.05**	**9,407.92**	**2,100.00**	**29,579.17**

Rs. in Lakhs

Year ended March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	42.87	18.30	-	-	61.17
Debt Securities*	-	1,746.17	4,885.95	21,591.07	-	28,223.19
Borrowings (Other than Debt Securities)	-	3,401.81	-	-	-	3,401.81
Compulsorily Convertible Preference Shares	-	-	-	-	1,600.00	1,600.00
Lease Liabilities	-	16.77	69.58	246.46	-	332.81
Other financial liabilities	-	4.02	326.54	-	-	330.56
	-	**5,211.64**	**5,300.37**	**21,837.53**	**1,600.00**	**33,949.54**

* 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.

Rs. in Lakhs

Year ended March 31, 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**

Rs. in Lakhs

Year ended March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	71.17	975.07	-	-	-	1,046.24
Fixed Deposit Accounts	-	52.38	110.01	2,952.48	-	3,114.87
Trade Receivable	-	45.70	-	-	-	45.70
Loans	-	1.83	168.08	-	-	169.91
Investments	-	2,879.07	9,194.36	30,962.08	-	43,035.51
Other Financial Assets	-	23.51	71.64	36.22	-	131.37
	71.17	**3,977.56**	**9,544.09**	**33,950.78**	**-**	**47,543.60**

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 March 31, 2022	As at March 31, 2021
Trade Receivables	210.62	45.70
Loans	263.94	169.91
Investments Unquoted(FVTPL)	37,931.34	43,035.51
Others financial Asset	101.30	131.37
Total	**38,507.20**	**43,382.49**

NOTE: 43 Change in liabilities arising from financing activities

Particulars	April 01, 2021	Cash flows	Interest	March 31, 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

Particulars	April 01, 2020	Cash flows	Interest	March 31, 2021
Debt Securities	36,205.27	(11,479.58)	3,497.50	28,223.19
Borrowings (Other than Debt Securities)	-	3,374.47	27.34	3,401.81
Subordinate Liabilities	1,600.00	-	-	1,600.00

NOTE: 44 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 March 31, 2022		As at March 31, 2021	
	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	4.38	1.64%	42.51	24.83%
Total	**4.38**	**1.64%**	**42.51**	**24.83%**

NOTE: 45 COVID-19

COVID–19 virus continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities. On March 11, 2020, this outbreak was declared a global pandemic by the World Health Organisation. On March 24, 2020, the Indian Government announced a 21 – days lockdown which was further extended in phases up to May 31, 2020 across the nation to contain the spread of the virus. Though the restrictions were eased post the lockdown, the situation has again deteriorated in the recent past. The state governments have started placing restrictions in various parts.

In preparing the accompanying financial statements, the Company management has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, especially for determining the fair value of the Company security receipts investments, are based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. The Company has used internal and external sources of information including credit reports, economic forecasts and consensus estimates from market sources on the expected future performance of the underlying companies in developing the estimates and assumptions to assess, without undue cost and efforts, the fair value of the investments as at March 31, 2022.

Given the dynamic nature of the pandemic situation, in the event the impacts are more severe or prolonged than anticipated, this may have a corresponding impact on the carrying value of the security receipts investments, the financial position and performance of the Company.

NOTE: 46 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: 47 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 2022 and 31st March

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: 48 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 2022 and 31st March 2021.

NOTE: 49 Long Term Contract

The Company doesn't have long term contract including Derivative contract as at 31st March 2022 and 31st March 2021.

NOTE: 50 Events after the reporting date

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

NOTE: 51 Transactions with struck-off companies

The Company has not entered into any transactions with struck-off companies during the year ended 31st March 2022 and 31st March 2021.

Aditya Birla ARC Limited
Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 52 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: 53 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:

Rs. in Lakhs

Seller wise acquisition details		31st March 2022	31st March 2021
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	15.00
Power Finance Corporation Limited	'Urjanidhi'' 1, Barakhamba Lane, Connaught Place, New Delhi -110001	75,584.11	75,584.11
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,	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	-
Sub Total (B)		**4,11,590.72**	**3,36,350.72**
Total (A + B)		**4,11,590.72**	**3,36,350.72**

(B) Dispersion of financial assets acquired industry wise:

Rs. in Lakhs

	31st March 2022		31st March 2021	
Industry	**Acquisition price**	**% of total assets**	**Acquisition price**	**% of total assets**
Retail (Housing Loan)	15.00	0.00%	15.00	0.00%
Infrastructure - Power	4,11,575.72	100.00%	3,16,758.72	94.18%
Infrastructure – Steel Manufacturing	-	0.00%	19,577.00	5.82%
Total	**4,11,590.72**	**100.00%**	**3,36,350.72**	**100.00%**

(C) Other additional disclosures:

Rs. in Lakhs

Particulars	**31st March 2022**	**31st March 2021**
Value of financial assets acquired during the financial year	75,240.00	58,945.00
Value of financial asset realized during the financial year	85,650.17	95,215.39
Value of financial assets outstanding for realization at the end of the financial year	2,05,450.91	2,15,856.54
Value of security receipts redeemed partially and the security receipts redeemed fully during the financial year	1,26,245.78	1,02,882.68
Value of security receipts pending for redemption as at the end of the financial year	1,81,340.76	2,32,346.54
Value of security receipts which could not be redeemed as a result of non-realization of financial assets as per the	-	-
Value of land and/or building acquired in ordinary course of business of reconstruction of assets	-	-

(E) -In terms of the requirements of RBI circular no. DNBS (PD) CC. No. 41/ SCRC / 26.03.001/ 2014-2015, w.e.f. 5 August 2014,

- 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.

Rs. In lakhs

Trust Name	**Acquisition Value**	**Reduction in Value of SR**
ABARC-AST 001 Trust	15.00	50%

Aditya Birla ARC Limited

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

NOTE: 54 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

Rs. 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	518.50	2.07	516.43	2.07	-
	Stage 2	-	-	-	-	-
Subtotal		**518.50**	**2.07**	**516.43**	**2.07**	**-**
Non Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful- upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	5.95	3.23	2.72	5.95	(2.72)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**5.95**	**3.23**	**2.72**	**5.95**	**(2.72)**
Loss	Stage 3			-		-
Subtotal for NPA		**5.95**	**3.23**	**2.72**	**5.95**	**(2.72)**
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**	**518.50**	**2.07**	**516.43**	**2.07**	**-**
	Stage 2	**-**	**-**	**-**	**-**	**-**
	Stage 3	**5.95**	**3.23**	**2.72**	**5.95**	**(2.72)**
	Total	**524.45**	**5.30**	**519.15**	**8.02**	**(2.72)**

NOTE: 55 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 2022 and 31st March 2021.

NOTE: 56 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 2022 and 31st March 2021.

NOTE: 57 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 2022 and 31st March 2021.

NOTE: 58 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 2022 and 31st March 2021.

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 company has not received any claim for interest payable and does not expect such claims, if made later, to be for a material amount.

NOTE: 60 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 CHINUBHAI SHAH — Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:55:17 +05'30'

Hiren Shah

Partner

Membership No. 100052

Mumbai, 21st April 2022

For and on behalf of the Board of Directors

Aditya Birla ARC Limited

TUSHAR HARENDRA SHAH — Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 20:18:40 +05'30'

Tushar Shah

Director

DIN-00239762

PINKY ATUL MEHTA — Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:33:31 +05'30'

Pinky Mehta

Director

DIN-00020429

SANDEEP N SOMANI — Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:44:50 +05'30'

Sandeep Somani

Chief Financial Officer

SANJAY KUMAR JAIN — Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:50:59 +05'30'

Sanjay Jain

Chief Executive Officer

HIRAL PRAVIN SIDHPURA

Hiral Sidhpura

Company Secretary

Mumbai, 21st April 2022

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 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 2022, the consolidated Statement of Profit and Loss 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 2022 , 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.

Other Matter

The consolidated special purpose financial statements of the Group for the year ended 31st March, 2021 were audited by the predecessor auditor whose audit report dated 21st April, 2021 expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of this matter.

Information Other Than The Standalone 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 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 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 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 arc 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.

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.

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 March 31, 2022 taken on record by the Board of

Directors, none of the directors are disqualified as on March 31, 2022 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 March 31, 2022;

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 March 31, 2022.

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

(f) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March 2022, 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 CHINUBHAI SHAH
Digitally signed by HIREN CHINUBHAI SHAH
Date: 2022.04.21 20:57:44 +05'30'

Hiren Shah
Partner
Membership No. 100052
Place: Mumbai
Date: April 21, 2022
UDIN: 22100052AHNLTH2765

Aditya Birla ARC Limited
CIN: U65999MH2017PLC292331
Consolidated Balance Sheet as at 31st March, 2022

Rs. in Lakhs

		Note	As at 31st March 2022	As at 31st March, 2021
I	**ASSETS**			
(1)	**Financial Assets**			
	(a) Cash and Cash Equivalents	7	248.08	1,048.81
	(b) Bank Balance other than (a) above	8	5,726.36	3,114.87
	(c) Receivables			
	(I) Trade Receivables	9	210.62	45.63
	(d) Loans	10	2,348.52	3,535.88
	(e) Investments			
	- Other Investments	11	35,790.25	39,632.54
	(f) Other Financial Assets	12	100.77	126.73
	Sub-Total		**44,424.60**	**47,504.46**
(2)	**Non-Financial Assets**			
	(a) Current Tax Assets (Net)		1,655.46	631.70
	(b) Property, Plant and Equipment	13	46.21	21.02
	(c) Right to use of Assets	38	240.78	321.09
	(d) Other non-Financial assets	14	65.91	68.25
	Sub-Total		**2,008.36**	**1,042.06**
	Total assets		**46,432.96**	**48,546.52**
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		58.07	62.00
	(b) Debt Securities	16	22,045.54	28,223.19
	(c) Borrowings (Other than Debt Securities)	17	4,500.00	3,401.81
	(d) Subordinated Liabilities	18	2,100.00	1,600.00
	(e) Lease Liability	38	264.31	332.81
	(f) Other Financial Liabilities	19	612.53	330.56
	Sub- Total		**29,580.45**	**33,950.37**
(2)	**Non Financial Liabilities**			
	(a) Current tax liabilities (net)		-	10.08
	(b) Provisions	20	81.19	36.30
	(c) Deferred tax liabilities (net)	37	1,127.54	953.62
	(d) Other Non Financial Liabilities	21	919.68	983.83
	Sub- Total		**2,128.41**	**1,983.83**
(3)	**Equity**			
	(a) Equity Share capital	22	10,000.00	10,000.00
	(b) Other Equity	23	4,724.10	2,612.32
	Total equity		**14,724.10**	**12,612.32**
	Total Liabilities and Equity		**46,432.96**	**48,546.52**

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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:58:53 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 19:36:35 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:21:52 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:26:32 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:39:56 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:40:26 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
CIN: U65999MH2017PLC292331
Consolidated Statement of Profit and Loss for the year ended 31st March, 2022

Rs. in Lakhs

	Note	Year Ended 31st March 2022	Year Ended 31st March 2021
Revenue from operations			
(a) Fee Income	24	2,727.56	2,970.63
(b) Net Gain on Fair Value Changes	25	4,443.34	4,470.17
Total Revenue from Operations		**7,170.90**	**7,440.80**
Other Income	26	240.56	273.31
Total Income		**7,411.46**	**7,714.11**
EXPENSES			
(a) Finance Costs	27	3,337.83	3,548.19
(b) Impairment on Financial Instruments	28	2.97	5.73
(c) Employee benefits expense	29	1,001.85	740.47
(d) Depreciation and amortisation expense	30	92.17	122.97
(e) Other expenses	31	144.21	88.90
Total Expenses		**4,579.03**	**4,506.26**
Profit before exceptional items and tax		**2,832.43**	**3,207.85**
Exceptional Items		-	-
Profit Before Tax		**2,832.43**	**3,207.85**
Tax Expenses			
Current Tax		546.04	-
Excess Provision for Tax Related to Earlier Years (Net)		(10.08)	-
Deferred Tax		176.63	808.15
Total Tax Expenses		**712.59**	808.15
Profit after tax		**2,119.84**	**2,399.70**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset (net)		(10.77)	2.72
Income tax relating to items that will not be reclassified to profit and loss		2.71	(0.68)
Other Comprehensive Income for the year		**(8.06)**	**2.04**
Total Comprehensive Income for the year		**2,111.78**	**2,401.74**
Earnings per share :			
Basic- (Rs.)	32	2.12	2.40
Diluted - (Rs.)		2.08	2.36
(Face Value of Rs. 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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 20:59:22 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 19:38:18 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:22:17 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:27:45 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:40:56 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:41:17 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited
Statement of Changes in Equity for the year ended 31st March 2021

(A) EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31st March 2022		As at 31st March, 2021	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Equity shares of face value of Rs. 10/- each issued on subscribed and fully paid up				
Balance at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Changes in Equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Changes in Equity share capital during the year	-	-	-	-
Balance at the end of the year	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**

(B) OTHER EQUITY

Rs. in Lakhs

Particulars	Reserve and Surplus	Total Other Equity
Balance as at 1st April, 2020	210.58	210.58
Changes in accounting policies or prior perios errors	-	-
Restated balance as at 1st April 2020	**210.58**	**210.58**
Profit for the year	2,399.70	2,399.70
Other Comprehensive income for the year	2.04	2.04
Total Comprehensive income	2,401.74	2,401.74
Balance as at 31st March, 2021	**2,612.32**	**2,612.32**
Equity attributable to Shareholders of Company	**2,612.32**	**2,612.32**
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**

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 CHINUBHAI SHAH
Digitally signed by HIREN CHINUBHAI SHAH
Date: 2022.04.21 20:59:47 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HAREND RA SHAH
Digitally signed by TUSHAR HARENDRA SHAH
Date: 2022.04.21 19:39:38 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA
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Date: 2022.04.21 19:23:25 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEE P N SOMANI
Digitally signed by SANDEEP N SOMANI
Date: 2022.04.21 18:29:49 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN
Digitally signed by SANJAY KUMAR JAIN
Date: 2022.04.21 17:41:46 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA
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Date: 2022.04.21 17:42:10 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

Aditya Birla ARC Limited

Consolidated Cash Flow Statement for the Year ended 31st March, 2022

Rs. in Lakhs

Note	Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
A	Cash Flow From Operating Activities		
	Profit before tax	**2,832.43**	**3,207.85**
	Adjustments for :		
	Impairment on Financial Assets	2.97	5.73
	Net gain on Fair value changes	(4,443.34)	(4,470.17)
	Interest Income	(233.97)	(244.58)
	Notional interest on Security Deposits	(2.57)	(2.40)
	Finance Cost	3,317.03	3,524.84
	Notional Interest on Lease	20.80	23.35
	Depreciation and Amortisation	92.17	122.97
	Operating Profit Before Working Capital Changes	**1,585.52**	**2,167.59**
	Adjustments for:		
	Decrease/(Increase) in Loans	1,318.49	(3,400.11)
	Decrease in Other Financial Assets	28.53	14.50
	Increase in Trade Receivables	(164.99)	(45.63)
	Decrease/(Increase) in Other Non-Financial Assets	2.45	(351.81)
	(Decrease)/Increase in Trade Payables	(3.93)	34.22
	Increase in Provisions	34.12	7.41
	Increase in Other Financial Liabilities	281.88	300.64
	Decrease in other Non Financial Liabilities	(64.17)	(964.85)
	Cash From / (Used In) Operations	**1,432.38**	**(4,405.63)**
	Income Taxes Paid	(1,569.80)	(250.90)
	Net Cash Flow From / (Used In) Operating Activities	**1,448.10**	**(2,488.94)**
B	Cash Flow from Investing Activities		
	Addition to Property, Plant and Equipment	(37.16)	(5.37)
	Investment in Security Receipts	(11,286.00)	(8,332.08)
	Redemption of Security Receipts	19,571.63	17,962.71
	Interest Received	52.49	257.94
	Bank Deposits placed during the period	(11,694.00)	(9,693.89)
	Bank Deposits matured during the period	9,264.00	11,557.83
	Net Cash From Investing Activities	**5,870.96**	**11,747.14**
C	Cash Flow From Financing Activities		
	Loans & Advances to Trust	(239.70)	(128.69)
	Loans & Advances recovered from Trust	105.60	-
	Lease Liability - Principal Portion	(68.40)	(43.91)
	Lease Liability - Interest Portion	(20.80)	(23.35)
	Proceeds from Borrowings	7,250.00	7,000.00
	Repayment of Borrowings	(6,150.00)	(3,600.00)
	Proceeds from Debt Securities	6,571.00	-
	Repayment of Debt Securities	(12,441.00)	(7,982.08)
	Finance Cost on Debt Securities & Borrowings	(3,626.49)	(3,523.03)
	Proceeds from Compulsorily Convertible Preference Shares	500.00	-
	Net Cash Used In Financing Activities	**(8,119.79)**	**(8,301.06)**
	Net (Decrease) / Increase In Cash and Cash Equivalents	(800.73)	957.14
	Cash And Cash Equivalents (Opening Balance)	1,048.81	91.67
	Cash And Cash Equivalents (Closing Balance)	248.08	1,048.81

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash Flow' prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

2. Cash and cash equivalents in the balance sheet comprise of Cash at bank.

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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 21:00:12 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 19:40:59 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:24:31 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:31:13 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:42:49 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:43:14 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022

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 March 10, 2017.

   The Company and its Trusts as at 31 March 2022 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 13 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 / commitment agreement, wherever applicable.

   The financial statements were authorized for issue by the Company's Board of Directors on April 21, 2022.

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 2022 (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.

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. 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 over the period on cash basis, i.e. as and when received by the Group, based on terms of the relevant trust deeds and offer document issued by the Trust.
c. Any upside share in excess realisation over acquisition price of financial asset by trust 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.

Rental Income
Temporary arrangements were made to give unoccupied workstations to other businesses, rent were charged for the period on these workstations on basis of area wise cost allocation.

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, 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 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 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.
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. 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 Group'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

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 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 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 “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 one time option, which cannot be changed to the option of early vesting, hence liability has been equally spread over the tenure. In case these employees leave before the stipulated period of 4 years, the liability to pay under the aforesaid LTIP scheme ceases.

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 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;
• 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:

The following standards / amendments to standards have been issued and will be effective from 1st April 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

• **Indian Accounting Standard (Ind AS) 103 – Business Combinations** – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date.

Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

• **Indian Accounting Standard (Ind AS) 109 – Financial Instruments** – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities

• **Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment** – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.

• **Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets** – Modifications in application of recognition and measurement principles relating to onerous contracts.

Rs. in Lakhs

Particulars	As at 31st March 2022	As at 31st March, 2021
NOTE: 7		
Cash and Cash Equivalents		
Balances with Banks		
Current Accounts*	97.61	73.74
Deposit Accounts (with original maturity period of 3 months or less)	150.47	975.07
	248.08	**1,048.81**

***** Includes amount of Rs. 4.40 lakhs (Previous year: Rs. 9.53 lakhs) held in Escrow Account.

Particulars	As at 31st March 2022	As at 31st March, 2021
NOTE: 8		
Bank Balance other than Cash and Cash Equivalents		
Fixed Deposit Accounts (with original maturity period of more than 3 months)	5,726.36	3,114.87
	5,726.36	**3,114.87**
NOTE: 9		
Trade Receivables		
Receivables considered good, Unsecured	211.47	45.81
Less: Expected Credit Loss	(0.85)	(0.18)
	210.62	**45.63**

Note: 9.1

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

Rs. in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(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	-	-	-	-	-	**-**

Ageing Schedule for Trade Receivable as at 31st March, 2021

Rs. in lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed Trade Receivables receivables considered good	45.81	-	-	-	-	**45.81**
(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

Particulars		
Opening Balance	0.18	-
Add: ECL allowance during the year	0.67	0.18
Closing Balance	**0.85**	**0.18**

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	As at 31st March 2022	As at 31st March, 2021
		Rs. in Lakhs
NOTE: 10		
Loans		
Loans (Carried at amortised cost)*	2,357.38	3,545.39
Less: Impairment loss allowance*	(8.86)	(9.51)
	2,348.52	**3,535.88**

***NOTE: 10.1**

Sr. No.	Particulars	As at 31st March 2022	As at 31st March, 2021
		At Amortised Cost	At Amortised Cost
(A)	(i) Retail (Housing Loan)	15.61	18.66
	(ii) Term Loan	2,078.97	3,398.04
	(iii) Advances in the nature of loan	262.80	128.69
	Total Gross (A)	**2,357.38**	**3,545.39**
	Less: Impairment loss allowance	(8.86)	(9.51)
	Total Net (A)	**2,348.52**	**3,535.88**
(B)	(i) Secured by tangible assets	2,094.58	3,416.70
	(ii) Unsecured	262.80	128.69
	Total Gross (B)	**2,357.38**	**3,545.39**
	Less: Impairment loss allowance	(8.86)	(9.51)
	Total Net (B)	**2,348.52**	**3,535.88**
(C)(I)	Loans in India		
	(i) Public Sector	-	-
	(ii) Others	2,357.38	3,545.39
	Total Gross (C)(I)	**2,357.38**	**3,545.39**
	Less: Impairment loss allowance	(8.86)	(9.51)
	Total Net (C)(I)	**2,348.52**	**3,535.88**
(C)(II)	Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total Net (C)(II)	-	-
	Total (C)(I) and (II)	**2,348.52**	**3,535.88**

NOTE: 11		
Other Investments		
(Carried at Fair value through Profit or Loss)		
Investments in Security Receipts	35,790.25	39,632.54
	35,790.25	**39,632.54**
In India	35,790.25	39,632.54
Outside India	-	-
NOTE: 12		
Other Financial Assets		
(Unsecured, considered good, unless stated otherwise)		
Security Deposits (carried at amortised cost)	42.07	38.50
Interest Accrued	1.02	0.19
Other Receivable	13.63	22.95
Other Advance	44.23	65.36
Less: Expected Credit Loss	(0.18)	(0.27)
	100.77	**126.73**

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 13

Property, Plant and Equipment

Rs. in Lakhs

Particulars	Computers	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Vehicles	TOTAL
Gross Block						
As at 1st April, 2020	3.35	87.60	11.66	2.29	16.60	**121.50**
Additions	4.37	-	0.99	-	-	**5.36**
Deletions	-	-	-	-	-	**-**
As at 31st March, 2021	**7.72**	**87.60**	**12.65**	**2.29**	**16.60**	**126.86**
Accumulated Depreciation						
As at 1st April, 2020	1.13	55.57	3.70	0.33	2.37	**63.10**
Depreciation for the year	1.91	32.03	2.46	0.23	6.11	**42.74**
Deletions						**-**
As at 31st March, 2021	**3.04**	**87.60**	**6.16**	**0.56**	**8.48**	**105.84**
Net Carrying amount as at 31st March, 2021	**4.68**	**-**	**6.49**	**1.73**	**8.12**	**21.02**
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**

Rs. in Lakhs

Particulars	As at 31st March 2022	As at 31st March, 2021
NOTE: 14		
Other non-financial assets		
(Unsecured, considered good, unless stated otherwise)		
Dues Recievable from Government - GST	24.48	30.56
Advance to Vendor	10.39	6.71
Prepaid expenses	6.64	11.46
Gratuity Plan Assets	24.40	19.52
	65.91	**68.25**

NOTE: 15

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

Rs. in lakhs

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(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**

Ageing Schedule for Trade Payables as at 31st March, 2021

Rs. in lakhs

Particulars		Outstanding for following periods from due date of payment				
	Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME		-	-	-	-	**-**
(ii) Others	19.13	42.87	-	-	-	**62.00**
(iii) Disputed Dues - MSME		-	-	-	-	**-**
(iv) Disputed Dues - Others		-	-	-	-	**-**
Total	**19.13**	**42.87**	**-**	**-**	**-**	**62.00**

NOTE: 16		
Debt Securities		
(Secured, carried at amortised cost)		
Non Convertible Debentures	22,045.54	28,223.19
	22,045.54	**28,223.19**
In India	22,045.54	28,223.19
Outside India	-	-

Following is the repayment terms of Debt Securities

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		
Borrowings (Other than Debt Securities)		
(Unsecured, Carried at amortised cost)		
Loans from related party	4,500.00	-
Loans repayable on demand		
- From Others	-	3,401.81
	4,500.00	**3,401.81**
In India	4,500.00	3,401.81
Outside India	-	-

Following is the repayment terms of the Borrowings outstanding 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

Following is the repayment terms of the Borrowings outstanding as at 31st March 2021

Repayment clause	Interest rate	Maturity period
Repayable anytime after 7 days from the date of disbursement with 2 days advance notice. Interest payable on maturity	10.50%	3 months

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	As at 31st March 2022	Rs. in Lakhs As at 31st March, 2021
NOTE: 18		
Subordinate Liabilities		
(Carried at amortised cost)		
Compulsorily Convertible Preference Shares	2,100.00	1,600.00
	2,100.00	**1,600.00**
In India	2,100.00	1,600.00
Outside India	-	-

0.01% compulsorily convertible preference shares

1. Compulsorily convertible preference shares on a non-cumulative basis.
2. To be compulsorily converted into equity shares of Rs. 10/- each at higher of
   (a) Fair Market value determined as on the date of conversion or
   (b) Rs. 10/- per equity share (being the face value of equity shares)
3. Tenor of CCPS amounting to Rs. 1,100 lakhs is 20 years and Rs. 1,000 lakhs (March 31, 2021: Rs. 500 lakhs) is 10 years.

Particulars	As at 31st March 2022	As at 31st March, 2021
NOTE: 19		
Other Financial Liabilities		
(Carried at amortised cost)		
Accrued salaries and benefits	612.53	330.56
	612.53	**330.56**
NOTE: 20		
Provisions		
Provision for Employee Benefits		
Provision for Leave encashment	24.85	14.32
Provision for Gratuity	56.34	21.98
	81.19	**36.30**
NOTE: 21		
Other Non Financial Liabilities		
Unearned Revenue	813.76	835.51
Statutory Dues	105.92	148.32
	919.68	**983.83**

Rs. in Lakhs

Particulars	Numbers	As at 31st March 2022	Numbers	As at 31st March, 2021
NOTE: 22				
Share Capital				
Authorised:				
Equity Shares of Rs. 10/- each	13,00,00,000	13,000.00	13,00,00,000	13,000.00
	13,00,00,000	**13,000.00**	**13,00,00,000**	**13,000.00**
Issued:				
Equity Share Capital				
Equity Shares of Rs. 10/- each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	**10,000.00**	**10,00,00,000**	**10,000.00**
Subscribed and Paid-up:				
Equity Share Capital				
Equity Shares of Rs. 10/- each, fully paid-up	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	**10,000.00**	**10,00,00,000**	**10,000.00**

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

Sr. No.	Description	As at 31st March 2022		As at 31st March, 2021	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	13,00,00,000	13,000.00	13,00,00,000	13,000.00
2	Add increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	**13,00,00,000**	**13,000.00**	**13,00,00,000**	**13,000.00**

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

Sr. No.	Description	As at 31st March 2022		As at 31st March, 2021	
		Equity Shares	Amount	Equity Shares	Amount
1	No of Shares Outstanding at the beginning of the year	10,00,00,000	10,000.00	10,00,00,000	10,000.00
2	Add increased during the year	-	-	-	-
3	No. of Shares Outstanding at the end of the year	**10,00,00,000**	**10,000.00**	**10,00,00,000**	**10,000.00**

Term/Right Attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 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.

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 2022	As at 31st March, 2021
	Amount	Amount
Parent - Aditya Birla Capital Limited 10,00,00,000 equity shares	10,000.00	10,000.00

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

Particulars	As at 31st March 2022	As at 31st March, 2021
Parent - Aditya Birla Capital Limited (in numbers)	10,00,00,000	10,00,00,000
% of shareholding	100%	100%

Shares held by promoters

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

Shares held by promoters as at 31st March, 2022				% Change
Sr. No	Promoters Name	No. of Shares	% of total shares	during the year
1	Aditya Birla Capital Limited	10,00,00,000	100%	-

Shares held by promoters as at 31st March, 2021				% Change
Sr. No	Promoters Name	No. of Shares	% of total shares	during the year
1	Aditya Birla Capital Limited	10,00,00,000	100%	-

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	As at 31st March 2022	Rs. in Lakhs As at 31st March, 2021
NOTE: 23		
Other Equity		
Retained Earnings*		
Opening Balance	2,612.32	210.58
Addition:		
Profit for the Year	2,119.84	2,399.70
Other Comprehensive (loss) / income for the year	(8.06)	2.04
Closing Balance	**4,724.10**	**2,612.32**
Total Other Equity	**4,724.10**	**2,612.32**

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

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
		Rs. in Lakhs
NOTE: 24		
Fee Income		
Trusteeship and Management Fees	2,727.56	2,970.63
	2,727.56	**2,970.63**
NOTE: 25		
Net Gain on Fair Value Changes		
Net gain / (loss) on financial instruments at fair value through profit or loss		
Net Gain from Investments in Security Receipts	4,443.34	4,470.17
	4,443.34	**4,470.17**
Fair Value changes :		
Realised	824.04	669.46
Unrealised	3,619.30	3,800.71
	4,443.34	**4,470.17**
NOTE: 26		
Other Income		
Interest on deposits with Banks		
On Financial Assets carried at amortised cost	233.97	244.58
Interest on Others		
On Financial Assets carried at amortised cost	4.03	5.31
Interest on tax refunds	2.56	4.77
Rental Income	-	1.43
Miscellaneous Income	-	17.22
	240.56	**273.31**

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

	Year Ended 31st March 2022	Year Ended 31st March 2021
		Rs. in Lakhs
NOTE: 27		
Finance Cost		
Interest on Financial Liabilities carried at amortised cost		
Debt securities	2,978.39	3,497.50
Borrowing other than Debt securities	338.64	27.34
Finance Cost - Lease Liability	20.80	23.35
	3,337.83	**3,548.19**
NOTE: 28		
Impairment on Financial Instruments		
On Trade Receivables	0.66	0.18
On Loans	2.03	4.97
On Other Financial Assets held at Amortised Cost	0.28	0.58
	2.97	**5.73**
NOTE: 29		
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	961.77	705.33
Contribution to Provident Fund (Refer Note no 35)	22.60	20.02
Contribution to Gratuity Fund (Refer Note no 35)	9.58	7.38
Staff Welfare Expenses	7.90	7.74
	1,001.85	**740.47**
NOTE: 30		
DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation of Property, plant and equipment	11.97	42.75
Amortisation on Lease Assets	80.20	80.22
	92.17	**122.97**
NOTE: 31		
OTHER EXPENSES		
Rent	0.47	0.21
Repairs & Maintenance - Others	14.58	21.45
Insurance	0.68	0.32
Rates & Taxes	0.48	2.13
Legal & Professional Expenses (Refer Note 31.1)	69.15	27.11
Travelling & Conveyance	3.73	2.73
Printing and Stationery	0.53	0.63
Communication Expenses	0.17	0.15
Electricity Charges	2.42	1.80
Information Technology Expenses	18.63	17.95
Director Sitting Fees	14.30	1.40
Recruitment Charges	2.04	3.93
Miscellaneous Expenses	17.03	9.09
Total	**144.21**	**88.90**
NOTE: 31.1		
Includes Auditors Remuneration		
Audit Fees*	6.21	5.35
Tax Audit Fees	1.50	1.10
Other Certification Fees	0.50	0.50
Reimbursement of Expense	-	0.03
	8.21	**6.98**

*Includes Rs. 2.35 lakhs pertaining to erstwhile auditors during the current year.

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

	As at 31st March 2022	As at 31st March 2021
		Rs. in Lakhs
NOTE: 32		
DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE		
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	1,019.89	1,016.00
Nominal Value of Shares (`)	10.00	10.00
Profit attributable to equity holders of the Parent:		
Continuing Operations	2,119.84	2,399.70
Basic EPS (`)	2.12	2.40
Diluted EPS (`)	2.08	2.36

Dilutive shares for computation of Earnings per share pertain to 21,00,000 (Previous year: 16,00,000) 0.01% compulsorily convertible preference shares.

Aditya Birla ARC Limited
Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 33
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
Tushar Shah- Director
Pinky Mehta - Director (wef May 15, 2020)
Sharadkumar Bhatia - Director (wef December 30, 2020)
Sanjay Jain - Chief Executive Officer
Sandeep Somani - Chief Financial Officer (wef September 1, 2020)
Vijayalakshmi Iyer- Independent Director (upto May 05, 2020)
Sethurathnam Ravi - Independent Director (wef January 20, 2021)

C **Fellow Subsidiary**
Aditya Birla Finance Limited
Aditya Birla Money Limited
Aditya Birla Sunlife Insurance Company Limited
Aditya Birla Health Insurance Company Limited
Aditya Birla Stressed Asset AMC Private Limited
Aditya Birla Financial Shared Services Limited
Aditya Birla PE Advisors Private Limited
Aditya Birla Sun Life AMC Limited
Aditya Birla Wellness Private Limited
Grasim Industries Limited -Employee Gratuity Trust Fund

b. Transactions and Balances with related parties for the year ended 31st March, 2022 and 31st March, 2021

Rs. in Lakhs

Sr. No.	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
A	**Holding Company**		
1	**Transactions during the year ***		
	Aditya Birla Capital Limited (Issue of Compulsorily Convertible Preference Shares)	500.00	-
	Aditya Birla Capital Limited (ICD taken)	7,250.00	3,600.00
	Aditya Birla Capital Limited (ICD redeemed)	2,750.00	3,600.00
	Aditya Birla Capital Limited (ICD interest)	296.09	25.38
2	**Balance Outstanding**		
	Aditya Birla Capital Limited (Equity Shares)	10,000.00	10,000.00
	Aditya Birla Capital Limited (CCPS)	1,000.00	500.00
	Aditya Birla Capital Limited (ICD)	4,500.00	-
	Aditya Birla Capital Limited (Other - Payables)	2.36	2.23
B	**Fellow Subsidiaries**		
1	**Transactions during the year***		
i	**Expenses Reimbursement**		
	Aditya Birla Finance Limited (Software License Expense)	0.21	-
	Aditya Birla Stressed Asset AMC Private Limited (Payroll Expense)	87.76	134.62
	Aditya Birla Money Limited (Insurance expense against employee transfer)	0.02	-
ii	**Expense Recovery**		
	Aditya Birla Financial Shared Services Limited (Recurring expense recovery)	-	0.22
	Aditya Birla Stressed Asset AMC Private Limited (Insurance expense)	1.23	1.27
	Aditya Birla Stressed Asset AMC Private Limited (Staff Welfare expense)	-	0.01
	Aditya Birla Stressed Asset AMC Private Limited (Professional expense)	0.06	0.05
	Aditya Birla Finance Limited (Payroll Expense)	-	19.67
	Aditya Birla Finance Limited (Received against reimbursement of expenses)	-	0.60
iii	**Expenses**		
	Aditya Birla Health Insurance Company Limited (Insurance expenses)	-	0.79
	Aditya Birla Financial Shared Services Limited (Professional expense)	0.59	-
	Aditya Birla Money Limited (Custodian fees)	1.01	0.02
	Aditya Birla Wellness Private Limited (Staff Welfare Expense)**	0.00	0.02
	Aditya Birla Sun Life Insurance Company Limited (Insurance expense)	2.00	0.84
iv	**Income**		
	Aditya Birla Finance Limited (Rental Income)	-	0.40
	Aditya Birla Financial Shared Services (Rental Income)	-	1.04

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

v	**Others**		
	Aditya Birla Finance Limited (Purchase of Asset)	-	3.35
	Aditya Birla Money Limited (Addition in liability against employee transfer)	13.65	-
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)**	0.00	12.52
vi	**Directors and Key Management Personnel**		
	Sanjay Jain (Remuneration)^	190.42	117.37
	Sandeep Somani (Remuneration)^	54.95	29.26
	Vijayalakshmi Iyer (Sitting Fees)	-	0.50
	Sharadkumar Bhatia (Sitting Fees)	7.85	0.90
	Sethurathnam Ravi (Sitting Fees)	6.45	-
vii	**Advance for Expenses**		
	Aditya Birla Sun Life Insurance Company Limited (Insurance premium deposit)	0.48	0.17
	Aditya Birla Health Insurance Company Limited (Insurance premium deposit)	-	0.13
2	**Balance Outstanding**		
i	**Receivable**		
	Aditya Birla Money Limited	13.63	-
	Aditya Birla Finance Limited	-	19.92
	Grasim Industries Limited -Employee Gratuity Trust Fund (Amount paid towards Gratuity)	24.40	19.52
ii	**Payable**		
	Aditya Birla Wellness Private Limited	-	0.02
	Aditya Birla Stressed Asset AMC Private Limited	5.37	4.88

* All amounts are exclusive of GST

** Figures rounded off to the nearest thousand

^ Variable Pay & Retirement Benefits are not included

Aditya Birla ARC Limited
Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 34

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.

Rs. in Lakhs

Particulars	31st March 2022			31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	248.08	-	248.08	1,048.81	-	1,048.81
Bank Balance other than above	2,585.18	3,141.18	5,726.36	162.39	2,952.48	3,114.87
Trade receivables	210.62	-	210.62	45.63	-	45.63
Loans	519.55	1,828.97	2,348.52	376.84	3,159.04	3,535.88
Investments	20,331.28	15,458.97	35,790.25	11,826.92	27,805.62	39,632.54
Other financial assets	61.88	38.89	100.77	90.51	36.22	126.73
Non-financial Assets						
Current tax asset	-	1,655.46	1,655.46	-	631.70	631.70
Property, plant and equipment	-	46.21	46.21	-	21.02	21.02
Right to use of Assets	-	240.78	240.78	-	321.09	321.09
Other non financial assets	65.91	-	65.91	68.25	-	68.25
Total assets	**24,022.50**	**22,410.46**	**46,432.96**	**13,619.35**	**34,927.17**	**48,546.52**
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of creditors other than micro enterprises and small enterprises	58.07	-	58.07	62.00	-	62.00
Debt Securities	12,823.85	9,221.69	22,045.54	6,632.12	21,591.07	28,223.19
Borrowings (Other than Debt Securities)	4,500.00	-	4,500.00	3,401.81	-	3,401.81
Subordinate Liabilities	-	2,100.00	2,100.00	-	1,600.00	1,600.00
Lease Liabilities	90.67	173.64	264.31	86.35	246.46	332.81
Other Financial liabilities	612.53	-	612.53	330.56	-	330.56
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	10.08	-	10.08
Provisions	59.28	21.91	81.19	25.23	11.07	36.30
Deferred tax liabilities (net)	-	1,127.54	1,127.54	-	953.62	953.62
Other non-financial liabilities	919.68	-	919.68	983.83	-	983.83
Equity						
Equity Share Capital	-	10,000.00	10,000.00	-	10,000.00	10,000.00
Other Equity	-	4,724.10	4,724.10	-	2,612.32	2,612.32
Total Liabilities	**19,064.08**	**27,368.88**	**46,432.96**	**11,531.98**	**37,014.54**	**48,546.52**
Net			-			-

NOTE: 35
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 Rs. 22.60 lakhs (March 31, 2021 – Rs. 20.02 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

Rs. in Lakhs

Particulars	31st March, 2022	31st March, 2021
Opening Defined Benefit Obligations	21.98	17.01
Current Service Cost	9.44	6.68
Interest Cost	1.24	0.95
Acturial changes arising from changes in demographic assumptions	13.56	-
Acturial changes arising from changes in financial assumptions	(3.28)	(0.07)
Acturial changes arising from changes in experience assumptions	1.80	(0.39)
Add: Benefits paid including transfer in/out	11.60	(2.20)
Present value of defined benefit obligation	56.34	21.98

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Changes in Fair Value of Plan Assets

Rs. In lakhs

Particulars	31st March, 2022	31st March, 2021
Opening Fair Value of the Plan Assets	19.52	4.50
Interest Income on the Plan Assets	1.10	0.24
Employers Contribution	2.46	12.52
Return on Plan Assets	1.31	2.26
Closing Fair Value of the Plan Assets	24.39	19.52

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

Rs. in Lakhs

Particulars	31st March, 2022	31st March, 2021
In Statement of Profit and Loss	9.58	7.38
Interest on net defined benefit liability/(assets)	-	-
Total Expenses Recognized for the period	9.58	7.38

Other Comprehensive Income:

Rs. in Lakhs

Particulars	31st March, 2022	31st March, 2021
Actuarial (gains)/ losses		
Actual Return on Plan Assets excluding amount recognised in net interest expense	(1.31)	(2.26)
Actuarial changes arises from change		
- Demographic Assumptions	13.56	-
- Financial Assumptions	(3.28)	(0.07)
- Experience Variance	1.80	(0.39)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in OCI	10.77	(2.72)

b) Maturity Profile of Defined Benefit Obligation

Rs. in Lakhs

Weighted average duration (based on discounted cashflows)	10 years
Expected cash flows over the next (valued on undiscounted basis):	
1 years	2.42
2 to 5 years	17.25
6 to 10 years	33.57
More than 10 years	73.63

c) Expected Contribution during the next annual reporting period

The company's best estimate of contribution during the next year	46.71

d) Funding Arrangements and Funding Policy

The Scheme is on funded basis.

e) Principal Actuarial Financial Assumptions

Particulars	31st March, 2022	31st March, 2021
Discount Rate (per anumn)	6.95%	5.65%
Salary Growth Rate (per anumn)	10%	10%
Decrement adjusted remaining working life (yrs)	8.31	4.04

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.

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, 2022	31st March, 2021
Mortality Rate	100% of IALM 2012-24	100% of IALM 2012-24
Normal retirement age	60 yrs	60 yrs
Attrition/Withdrawal rate (per anumn)	10%	20%

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, 2022	31st March, 2021
Government of India Securities	5.79%	6.03%
State Govt. Securities	4.84%	6.22%
High Quality Corporate Bonds	0.80%	0.96%
Fund Managed by Insurers	36.92%	40.21%
Other Investments	51.64%	46.58%
Total	**100.00%**	**100.00%**

Sensitivity Analysis

Rs. in Lakhs

Particulars	31st March, 2022		31st March, 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 0.5%)	59.18	53.70	22.71	21.30
(% change compared to base due to sensitivity)	5.00%	-4.70%	3.30%	-3.10%
Salary Growth (-/+ 0.5%)	53.75	59.09	21.32	22.67
(% change compared to base due to sensitivity)	-4.60%	4.90%	-3.00%	3.10%
Attrition Rate (-/+ 50%)	74.18	47.70	33.67	16.51
(% change compared to base due to sensitivity)	31.70%	-15.30%	53.20%	-24.90%
Mortality Rate (-/+ 10%)	56.30	56.38	21.96	22.01
(% 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.

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 36 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: 37 Income Tax Disclosure

Current tax for the year of Rs. 546.04 lakhs (Previous year Rs. NIL).

The major components of income tax expense for the years ended

Statement of profit and loss:

Profit or loss Section	**31-Mar-22**	**31-Mar-21**
Current tax	546.04	-
Excess Provision for Tax Related to Earlier Years (Net)	(10.08)	-
Deferred tax	176.63	808.15
Income tax expense reported in the statement of profit or loss	**712.59**	**808.15**

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

	31-Mar-22	**31-Mar-21**
A) Income before income tax	2,832.43	3,207.85
B) Enacted tax rate in India	25.17%	25.17%
C) Expected Tax Expense (A*B)	712.92	807.42
D) Short/(Excess) Provision for Tax Related to Earlier Years (Net)	(10.08)	-
E) Other Adjustments	9.75	0.73
Income tax expense reported in the statement of profit and loss	712.59	808.15

Deferred tax:

Deferred tax relates to the following:

Balance Sheet	**31-Mar-22**	**31-Mar-21**
Deferred tax Liabilities		
Marked to Market Value of Investment	2,241.01	1,330.21
Subtotal A	**2,241.01**	**1,330.21**
Deferred tax Assets		
Leave Encashment	(6.25)	(3.60)
Difference in WDV between Companies Act and Income Tax Act	(15.29)	(15.02)
Temporary differences due to Lease accounting as per Ind AS 116	(12.11)	(9.14)
Impact of IND AS 116 on Reserve	(1.46)	(1.46)
Employee LTIP provision	(78.94)	(30.34)
Unfunded Gratuity	-	(0.62)
1/5th of preliminary expenses u/s 35D	-	(6.68)
ECL provisions	(1.34)	(0.60)
Securitization Income as per Income Tax Act	(998.08)	
Carry forwarded losses	-	(309.13)
Subtotal B	**(1,113.47)**	**(376.59)**
Net deferred tax liabilities	**1,127.54**	**953.62**
Reflected in the balance sheet as follows:	**31-Mar-22**	**31-Mar-21**
Deferred tax assets	(1,113.47)	(376.59)
Deferred tax liabilities	2,241.01	1,330.21
Deferred tax (assets)/liabilities (net)	**1,127.54**	**953.62**

Reconciliation of deferred tax liabilities (net)	**31-Mar-22**	**31-Mar-21**
Opening balance as of 1st April	**953.62**	**144.79**
Tax expense during the period recognised in profit and loss	176.63	808.15
Tax (income)/expense during the period recognised in OCI	(2.71)	0.68
Closing balance as at 31st March	**1,127.54**	**953.62**

Aditya Birla ARC Limited

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 38 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 2022	**Year ended 31st March 2021**
Balance as at 1st April	**321.09**	**79.19**
Additions	-	-
Modification to lease terms	-	302.04
Deletions	-	-
Depreciation	(80.20)	(80.22)
Other adjustment	(0.10)	20.08
Balance as at 31st March	**240.79**	**321.09**

Amounts recognised in profit and loss

	Year ended 31st March 2022	**Year ended 31st March 2021**
Depreciation expense on right-of-use assets	80.20	80.22
Interest expense on lease liabilities	20.80	23.35

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

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Current Lease Liabilities	90.67	86.35
Non-Current Lease Liabilities	173.64	246.46
Total	**264.31**	**332.81**

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

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Balance as at 1st April	**332.81**	**81.35**
Additions	-	-
Modification to lease terms	-	302.04
Finance Cost accrued during the period	20.80	23.35
Deletions	-	-
Variable lease payment adjustments	(0.10)	(6.67)
Payment of Lease Liabilities	(89.20)	(67.26)
Balance as at 31st March	**264.31**	**332.81**

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

Particulars	**Year ended 31st March 2022**	**Year ended 31st March 2021**
Less than one year	93.66	89.31
One to Five years	-	93.66
More than Five years	-	-
Total	**93.66**	**182.97**

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.

Aditya Birla ARC Limited
Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 39 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 2022 & 31st March 2021.

As at 31st March 2022 Rs. in Lakhs

Financial Assets	Carrying Value	Fair Value
Trade Receivables	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	Carrying Value	Fair Value
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**

As at 31st March 2021 Rs. in Lakhs

Financial Assets	Carrying Value	Fair Value
Trade Reeceivables	45.63	45.63
Loans	3,535.88	3,535.88
Investments Unquoted(FVTPL)	39,632.54	39,632.54
Others financial Asset	126.73	126.73
Total	**43,340.78**	**43,340.78**

Financial Liabilities	Carrying Value	Fair Value
Trade payables	62.00	62.00
Debt Securities	28,223.19	28,223.19
Borrowings (Other than Debt Securities)	3,401.81	3,401.81
Compulsorily Convertible Preference Shares	1,600.00	1,600.00
Lease liabilities	332.81	332.81
Others financial liabilities	330.56	330.56
Total	**33,950.37**	**33,950.37**

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: 40 Fair Value Hierarchy

Following table provides the fair value measurement hierarchy of the Company's assets and liabilities as on 31st March 2022 & 31st March 2021

As at 31st March 2022 Rs. 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.

Rs. 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

As at 31st March 2021 Rs. in Lakhs

Financial Assets	Date of Valuation	Total	Level 1	Level 2	Level 3
Investments Unquoted(FVTPL)	31-03-2021	39,632.54			39,632.54

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

Rs. in Lakhs

Particulars	Date of Valuation	Total	Level 1	Level 2	Level 3
Financial Assets					
Trade Receivables	31-03-2021	45.63			45.63
Loans	31-03-2021	3,535.88			3,535.88
Others financial Asset	31-03-2021	126.73			126.73
Financial Liabilities					
Trade payables	31-03-2021	62.00			62.00
Debt Securities	31-03-2021	28,223.19			28,223.19
Borrowings (Other than Debt Securities)	31-03-2021	3,401.81			3,401.81
Compulsorily Convertible Preference Shares	31-03-2021	1,600.00			1,600.00
Lease liabilities	31-03-2021	332.81			332.81
Others financial liabilities	31-03-2021	330.56			330.56

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.

There have been no transfers between levels during the year ended March 31, 2022 and year ended March 31, 2021.

Aditya Birla ARC Limited
Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

Movement in Level 3 Financial Instruments measured at Fair Value

Rs. in Lakhs

Financial Assets	Investments Unquoted (in SRs)	
Particulars	**As at 31st March 2022**	**As at 31st March 2021**
As at beginning of the year	39,632.54	44,793.01
Investments	11,286.00	8,332.51
Redemptions/write offs	(18,747.59)	(17,293.69)
Gains for the year recognised in profit or loss	3,619.30	3,800.71
At at end of the year	**35,790.25**	**39,632.54**
Unrealised gains related to balances held at the end of the year	3,619.30	3,800.71

Unobservable inputs used in measuring fair value categorised within Level 3

Rs. In Lakhs

Type of Financial Instruments	Fair Value of Asset as on March 31, 2022	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	35,790.25	Discounted Projected Cash Flow	Expected Gross Recoveries* & Discount Rates

Type of Financial Instruments	Fair Value of Asset as on March 31, 2021	Valuation Techniques	Significant Unobservable Input
Investments Unquoted(FVTPL)	39,632.54	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
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 are 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 underlysing 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: 41 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:

Rs. in Lakhs

Particulars	As at 31st March 2022	As at 31st March 2021
Compulsorily Convertible Preferences shares	2,100.00	1,600.00
Debt Securities	22,045.54	28,223.19
Borrowings (Other than Debt Securities)	4,500.00	3,401.81
Total Equity	10,000.00	10,000.00
Total Capital	**38,645.54**	**43,225.00**

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.

Rs. in Lakhs

Year ended March 31, 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	58.97	186.23	-	264.31
Other financial liabilities	-	7.89	604.64	-	-	612.53
	-	**1,618.26**	**16,454.27**	**9,407.92**	**2,100.00**	**29,580.45**

Rs. in Lakhs

Year ended March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	42.87	19.13	-	-	62.00
Compulsorily Convertible Preference Shares	-	-	-	-	1,600.00	1,600.00
Debt Securities*	-	1,746.17	4,885.95	21,591.07	-	28,223.19
Borrowings (Other than Debt Securities)	-	3,401.81	-	-	-	3,401.81
Lease Liabilities	-	16.77	69.58	246.46		332.81
Other financial liabilities	-	4.02	326.54	-	-	330.56
	-	**5,211.64**	**5,301.20**	**21,837.53**	**1,600.00**	**33,950.37**

* 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.

Rs. in Lakhs

Year ended March 31, 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**

Rs. in Lakhs

Year ended March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash & Cash Equivalents	1,048.81	-	-	-	-	1,048.81
Fixed Deposit Accounts	-	52.38	110.01	2,952.48	-	3,114.87
Trade Receivables	-	45.63	-	-	-	45.63
Loans	-	88.83	288.01	3,159.04	-	3,535.88
Investments	-	2,792.56	9,034.36	27,805.62	-	39,632.54
Other Financial Assets	-	22.95	67.56	36.22	-	126.73
	1,048.81	**3,002.35**	**9,499.94**	**33,953.36**	**-**	**47,504.46**

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 March 31, 2022	As at March 31, 2021
Trade Receivables	210.62	45.63
Loans	2,348.52	3,535.88
Investments Unquoted(FVTPL)	35,790.25	39,632.54
Others financial Asset	100.77	126.73
Total	**38,450.16**	**43,340.78**

NOTE: 42 Change in liabilities arising from financing activities

Particulars	April 01, 2021	Cash flows	Interest	March 31, 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

Particulars	April 01, 2020	Cash flows	Interest	March 31, 2021
Debt Securities	36,205.27	(11,479.58)	3,497.50	28,223.19
Borrowings (Other than Debt Securities)	-	3,374.47	27.34	3,401.81
Subordinate Liabilities	1,600.00	-	-	1,600.00

NOTE: 43 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 amortised cost

Particulars	As at March 31, 2022	As at March 31, 2021
Loans measured at amortised cost	**Purchased or Originated as Credit impaired (POCI)**	**Purchased or Originated as Credit impaired (POCI)**
Individually impaired	3,416.70	3,416.70
Total	**3,416.70**	**3,416.70**

Gross carrying amount reconciliation

Particulars	As at March 31, 2022	As at March 31, 2021
Loans measured at amortised cost	**Purchased or Originated as Credit impaired (POCI)**	**Purchased or Originated as Credit impaired (POCI)**
Gross carrying amount opening balance	3,416.70	17.13
New Assets purchased	-	3,398.04
Interest income during the year	-	1.53
Less: Written off	(3.05)	-
Less: Recovery	(1,319.07)	-
Gross Carrying amount closing balance	**2,094.58**	**3,416.70**

Reconciliation of ECL Balances

	As at March 31, 2022	As at March 31, 2021
Particulars	**Purchased or Originated as Credit impaired (POCI)**	**Purchased or Originated as Credit impaired (POCI)**
ECL allowance opening balance	8.83	3.86
ECL provision for the year	(1.02)	4.97
ECL allowance closing balance	7.81	8.83

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 March 31, 2022	As at March 31, 2021	
Loan to Borrower	100%	100%	Movable and Immovable properties

Quantitative information of collateral -

Loan to Value (LTV) range - 75% to 100%

Aditya Birla ARC Limited
Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2022

NOTE: 44 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 March 31, 2022		As of March 31, 2021	
		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	4,08,18,072	61,22,711	3,32,94,072	49,94,111

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:

Rs. In Lakhs

Carrying Amount	As at March 31, 2022	As at March 31, 2021
Investment in SR	35,790.25	39,632.54
Advance to Trusts	262.80	128.70
Reimbursement from Trusts	44.23	65.54
Fees Receivable	211.47	45.81

NOTE: 45 COVID-19

COVID–19 virus continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities. On March 11, 2020, this outbreak was declared a global pandemic by the World Health Organisation. On March 24, 2020, the Indian Government announced a 21 – days lockdown which was further extended in phases up to May 31, 2020 across the nation to contain the spread of the virus. Though the restrictions were eased post the lockdown, the situation has again deteriorated in the recent past. The state governments have started placing restrictions in various parts.

In preparing the accompanying financial statements, the Company management has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, especially for determining the fair value of the Company security receipts investments, are based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. The Company has used internal and external sources of information including credit reports, economic forecasts and consensus estimates from market sources on the expected future performance of the underlying companies in developing the estimates and assumptions to assess, without undue cost and efforts, the fair value of the investments as at March 31, 2022.

Given the dynamic nature of the pandemic situation, in the event the impacts are more severe or prolonged than anticipated, this may have a corresponding impact on the carrying value of the security receipts investments, the financial position and performance of the Company.

NOTE: 46 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: 47 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 2022 and 31st March 2021.

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: 48 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 2022 and 31st March 2021.

NOTE: 49 Long Term Contract

The Company doesn't have long term contract including Derivative contract as at 31st March 2022 and 31st March 2021.

NOTE: 50 Events after the reporting date

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

NOTE: 51 Transactions with struck-off companies

The Company has not entered into any transactions with struck-off companies during the year ended 31st March 2022 and 31st March 2021.

NOTE: 52 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: 53 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 2022 and 31st March 2021.

NOTE: 54 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 2022 and 31st March 2021.

NOTE: 55 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 2022 and 31st March 2021.

NOTE: 56 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 2022 and 31st March 2021.

NOTE: 57 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 company has not received any claim for interest payable and does not expect such claims, if made later, to be for a material amount.

NOTE: 58 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 CHINUBHAI SHAH Digitally signed by HIREN CHINUBHAI SHAH Date: 2022.04.21 21:01:32 +05'30'

Hiren Shah
Partner
Membership No. 100052

Mumbai, 21st April 2022

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

TUSHAR HARENDRA SHAH Digitally signed by TUSHAR HARENDRA SHAH Date: 2022.04.21 19:43:15 +05'30'

Tushar Shah
Director
DIN-00239762

PINKY ATUL MEHTA Digitally signed by PINKY ATUL MEHTA Date: 2022.04.21 19:25:51 +05'30'

Pinky Mehta
Director
DIN-00020429

SANDEEP N SOMANI Digitally signed by SANDEEP N SOMANI Date: 2022.04.21 18:33:48 +05'30'

Sandeep Somani
Chief Financial Officer

SANJAY KUMAR JAIN Digitally signed by SANJAY KUMAR JAIN Date: 2022.04.21 17:44:17 +05'30'

Sanjay Jain
Chief Executive Officer

HIRAL PRAVIN SIDHPURA Digitally signed by HIRAL PRAVIN SIDHPURA Date: 2022.04.21 17:44:44 +05'30'

Hiral Sidhpura
Company Secretary

Mumbai, 21st April 2022